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INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT NOVEMBER 6, 1989

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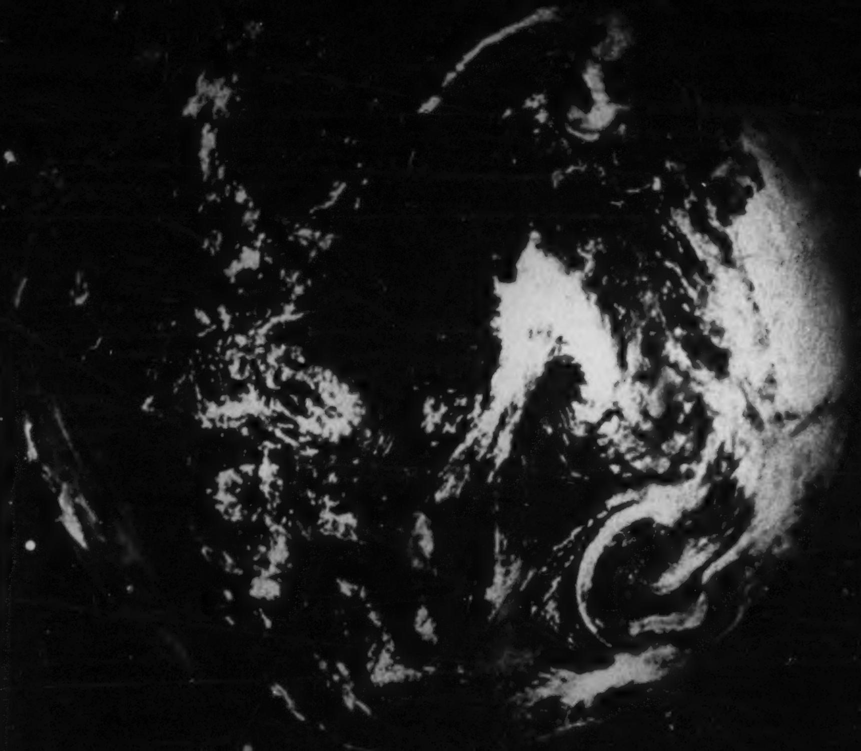

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PPV MARKETING:
WHAT'S RIGHT?

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A FOCUS ON
NEW INVESTORS
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CONFRONTING A NEW GLOBAL IMPERATIVE

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT
NOVEMBER 6, 1989

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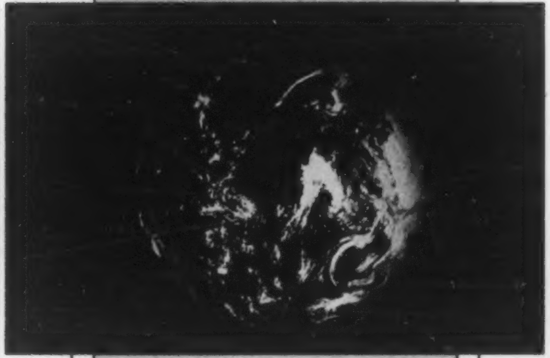

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Be prepared for an onslaught of new players and investors in the cable business

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ABP BPA

The CABLE POLL

™Midwest CATV & CableVision Magazine

DATABASE

Efforts to improve customer service sharply reduce number of complaints

Six out of 10 operators report that the number of subscriber complaints about service has declined in the past year, often dramatically, an improvement that can be attributed to steps they have taken to extend business office hours, install better phone systems, hire more CSRs and increase plant maintenance to reduce outages and improve picture quality, the Cable Poll™ has determined.

The subsiding number of complaints may have been influenced as well by a massive number of community relations projects mounted by systems recently to improve their image with subscribers. According to the Cable Poll™ data, 88 percent of all systems now support some type of community event, and on average each undertakes four such projects annually.

Number

4

in a series of ten

This and other information gathered during nearly 400 interviews with system management personnel nationwide paints a picture of operators aggressively instituting measures to correct historically poor customer service and to polish their tarnished public images. Further, it is evident that operators are committing substantial resources to the problem, because the sorts of initiatives identified typically are ones that require substantial expense.

According to the data, this trend is especially pronounced at those systems with 50,000 or more subscribers, where the data skew higher in every category. (Although fewer than 200 cable systems are that large, together they serve about 35 percent of all subscribers.) While 28 percent of operators as a whole report that customer complaints have "declined a lot" in the past year, 45 percent of operators at systems with more than 50,000 subs report the same decline in complaints. (The number of systems reporting an increased level of complaints is so small that it's below the 5 percent margin of error of the poll.) Similarly, while 44 percent of all operators said their systems have hired more CSRs, 73 percent of the larger systems have expanded their customer service staffs. And while 42 percent of all systems have extended their office hours to evenings and/or weekends, 77 percent of the larger systems have taken that step, the data indicate.

> 'I think customer service without question is getting better in cable and customer complaints as a consequence are decreasing.'
>
> *— NCTA president James P. Mooney, reacting to the data*

"I think customer service without question is getting better in cable and customer complaints as a consequence are decreasing," James P. Mooney, president of the National Cable Television Association, said in reacting to the Cable Poll™ data.

"This is just one of the ways the industry is shifting from a construction industry into a service industry mindset, with the accompanying behavior patterns."

Among the more noteworthy measures systems have taken for the convenience of customers is establishing satellite offices in malls or other public places where subscribers can pay bills or discuss service. Among all operators, 31 percent have set up such costly satellite locations, while 64 percent of systems with more than 50,000 subscribers have done so. At the lower end of the cost scale, the Cable Poll™ data indicate that operators almost universally have embraced the tactic of using bill stuffers to explain service issues. Among all operators, 79 percent now insert such informational material in monthly bills, rising to 95 percent of larger systems.

But the most far-reaching efforts to improve customer service are occurring in plant maintenance, operators report. There, 89 percent of all operators said they have increased plant maintenance over the past year with the goal of reducing outages and improving picture quality. That percentage deviates little according to the size of the system, or whether it is owned by a larger or small MSO.

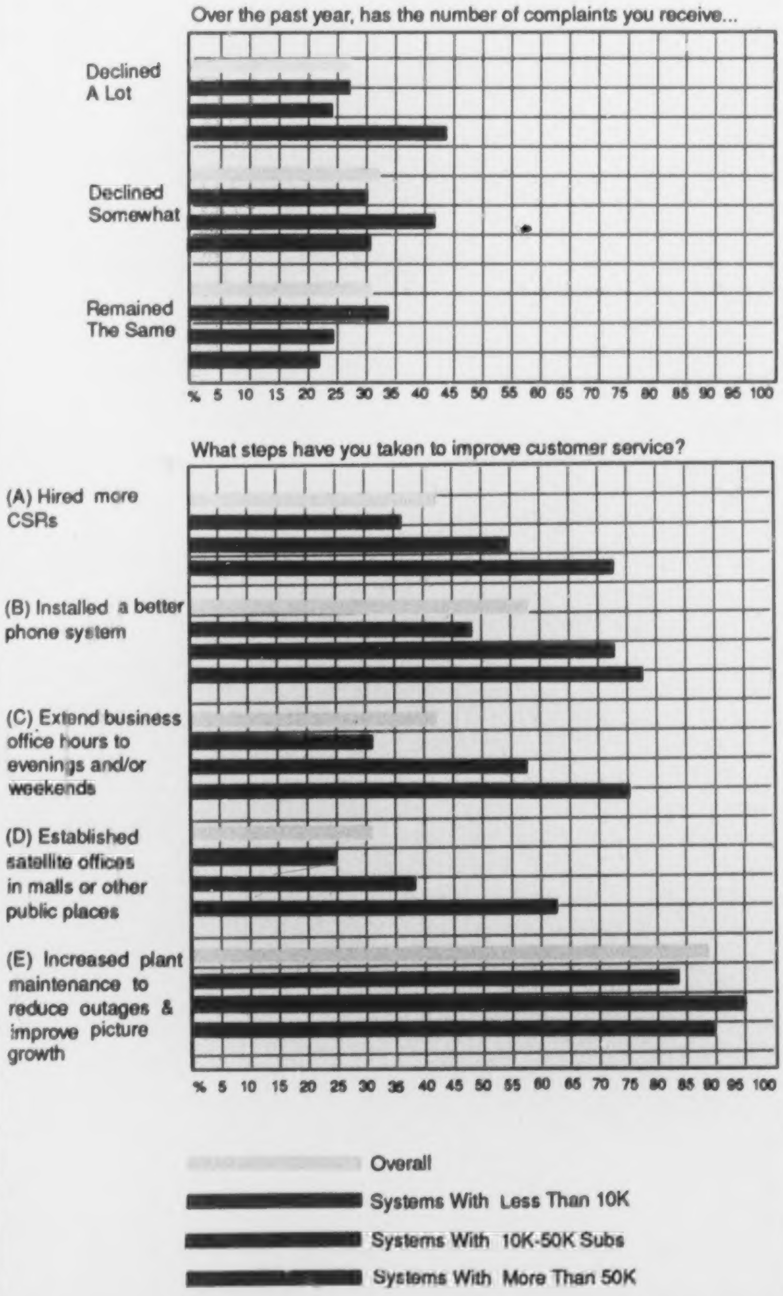
Mooney said that it might be some time before the efforts to improve customer service begin to pay off in Washington, where the industry continues to be criticized for raising rates and attaching a low priority to customer service. "As far as the politics of it goes, the perceptions of the political community tend to lag a little bit behind the public perceptions of things like this. Generally speaking in politics you get prosecuted for what went on a year or two ago. But I think that obviously a finding of this sort tends to help us."

As one small confirmation of the Cable Poll™ data, Mooney recalled that recently a member of Congress told that he had polled his constituents on several issues, including their experience with their cable operators. "And the reaction he got," Mooney said, "was that people mostly liked cable TV and didn't have any substantial problems."

During the interviews, operators also were asked a series of questions about the related area of community relations, and among the more striking responses is that 51 percent report that their system now has a person on staff whose principal job responsibility is community relations work. And 68 percent of operators at larger systems said they have a community relations staffer. As recently as a year ago it was believed that fewer than a third of all systems had such a staff person.

And those employees obviously are busy. Asked how many community relations or charitable projects they have undertaken recently, 53 percent of all operators said they had done two to four, 18 percent said they had supported four to six projects, and 20 percent said they had undertaken more than six community relations projects. Looking just at the data from larger systems, 59 percent said they have mounted more than six community relations projects in the past year.

Reacting to the data, Peggy Keegan, president of the Cable TV Public Affairs Association, said "A report like this is a pleasant surprise in that it so well documents the aggressive efforts being made at the system level to reduce complaints. It tells me that managers know you don't have to operate a large system to reap benefits from improved customer service and the integration of public affairs into overall operations." ■



Over the past year, has the number of complaints you receive...

What steps have you taken to improve customer service?

HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

Top 100 MSO's

Rank	Multiple system operator	Basic subs	
1.	Tele-Communications Inc.	6,228,526	(6/89)
2.	American Television & Communications Corp.	4,202,000	(10/89)
(4) 3.	Continental Cablevision	2,486,358	(7/89)
(3) 4.	UA Entertainment	2,477,000	(9/89)
5.	Warner Cable Communications	1,700,000	(9/89)
6.	Storer Cable Communications	1,531,000	(8/89)
7.	Cox Cable Communications	1,515,876	(7/89)
8.	Comcast	1,463,000	(5/89)
9.	Cablevision Systems	1,382,094	(9/89)
10.	Jones Intercable/Spacelink	1,325,552	(10/89)
11.	Newhouse Broadcasting	1,147,000	(5/89)
12.	Heritage Communications	1,100,000	(4/89)
13.	Times Mirror Cable TV	1,020,602	(7/89)
14.	Cablevision Industries	972,900	(8/89)
15.	Viacom Cable	955,000	(4/89)
16.	Sammons Communications	853,900	(4/89)
17.	Century Communications	800,000	(4/89)
18.	Adelphia Communications	751,700	(9/89)
(20) 19.	Paragon Communications	750,000	(10/89)
(19) 20.	Cooke Cablevision	730,800	(5/89)
21.	Falcon Cable TV	700,000	(10/89)
22.	Telecable	580,000	(5/89)
23.	WestMarc Communications	564,009	(9/89)
24.	KBLCOM	558,100	(4/89)
25.	Scripps-Howard	540,000	(8/89)
26.	Multivision Cable TV	482,000	(4/89)
27.	Tele-Media	475,163	(9/89)
28.	Prime Cable	458,000	(6/89)
(31) 29.	Lenfest Group	437,833	(8/89)
30.	Post-Newsweek Cable	403,000	(4/89)
(40) 31.	Cencom Cable	400,761	(10/89)
32.	Maclean Hunter Cable TV	357,500	(5/89)
33.	TCA Group	349,300	(4/89)
34.	Colony Communications	327,793	(9/89)
35.	Rifkin & Associates	324,000	(4/89)
36.	Multimedia Cablevision	321,300	(4/89)
(29) 37.	Centel Cable*	304,000	(10/89)
(37) 38.	TKR Cable	278,482	(5/89)
(38) 39.	Triax Communications	277,500	(6/89)
(39) 40.	Western Communications	266,700	(4/89)
(43) 41.	Simmons Communications	248,885	(9/89)
42.	Hauser Communications	247,000	(7/89)
(41) 43.	Star Cablevision Group	240,096	(8/89)
44.	Service Electric Cable TV Inc.	211,500	(4/89)
45.	Greater Media	205,000	(9/89)
46.	King Videocable	190,915	(8/89)
47.	Sutton Capital	188,449	(7/89)
48.	Harron Communications	185,000	(8/89)
49.	Columbia International	176,350	(8/89)
50.	Media General	176,068	(6/89)
(78) 51.	C-TEC Cable Systems**	174,814	(9/89)
(51) 52.	U.S. Cable Corp.	168,000	(9/89)
(52) 53.	Palmer Communications	160,551	(5/89)
(53) 54.	Insight Communications	157,700	(4/89)
(54) 55.	Armstrong Utilities	153,337	(7/89)
56.	Summit Communications	141,000	(10/89)
(55) 57.	Northland Communications	137,148	(4/89)
(57) 58.	Bresnan Communications	127,105	(8/89)
(58) 59.	Booth Communications	124,893	(9/89)
(59) 60.	Sonic Communications	117,551	(5/89)
61.	Susquehanna Broadcasting	116,370	(9/89)
(60) 62.	McDonald Group	115,200	(4/89)
(62) 63.	United Video Management	113,132	(8/89)
(63) 64.	Pencor Services	107,200	(10/89)
(64) 65.	First Carolina Communications	99,500	(3/89)
(65) 66.	Midcontinent Cable Systems Co.	95,550	(6/89)
(66) 67.	WEHCO Video	93,900	(4/89)
(67) 68.	Gilbert Media	85,000	(6/89)
(68) 69.	Coaxial Communications	80,000	(5/89)
(69) 70.	Selkirk Communications	80,000	(9/89)
(70) 71.	Mission Cable	72,294	(8/89)
(71) 72.	Barden Cablevision	70,945	(8/89)
(72) 73.	Douglas Communications	70,100	(8/89)
(73) 74.	James Cable Partners	70,000	(4/89)
(74) 75.	Cardinal Comunications	60,500	(6/89)
(75) 76.	Prestige Cable TV Inc.	60,410	(7/89)
(76) 77.	Omega Communications	60,000	(8/89)
(77) 78.	Helicon Corp.	59,000	(8/89)
79.	Hearst Communications Of California	58,200	(5/89)
80.	Fanch Communications	58,000	(6/89)
81.	Telesat Cablevision Inc.	57,235	(6/89)
82.	State Cable TV	54,700	(5/89)
83.	Galaxy Cablevision	54,627	(8/89)
84.	Leonard Communications	53,000	(8/89)
85.	Joseph Gans Cable TV	50,000	(8/89)
86.	New England Cablevision	49,000	(4/89)
87.	Republic Communications Corp.	48,000	(5/89)
88.	Rock Associates	47,500	(3/89)
89.	Donrey Media Group	47,500	(3/89)
90.	360 Corp.	45,000	(5/89)
(new) 91.	Cable America Corp.	44,045	(9/89)
(95) 92.	Cable Holdings Inc.	43,135	(10/89)
(91) 93.	Masada Corp.	43,120	(8/89)
(92) 94.	CableSouth Inc.	42,100	(2/89)
(93) 95.	Star Cable Associates	42,000	(8/89)
(94) 96.	Eastern Connecticut Cable TV	41,820	(6/89)
(96) 97.	C4 Media	41,275	(7/89)
(97) 98.	Raystay Co.	40,447	(8/89)
(98) 99.	Acton Corp.	40,400	(3/89)
(99) 100.	Schurz Communications	40,078	(8/89)

( ) Rank last listing

*** Reflects system sales to Jones Intercable**
**** Reflects Centel Cable acquisitions**

Subscriber counts are provided by MSOs and systems to Cable Vision. *Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 345 Park Avenue So., 9th Floor, New York, NY 10010.*

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	477,960	(8/89)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Manhattan, NY	ATC	231,864	(6/89)
6.	Puget Sound, WA	Viacom	225,800	(6/89)
7.	Phoenix, AZ	Times Mirror	220,968	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), Il	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Houston, TX	Warner	179,000	(9/89)
13.	Wayne, NJ	UA Entertainment	175,376	(7/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
16.	Cincinnati, OH	Warner	167,000	(6/89)
17.	Atlanta, GA	Prime Cable	166,000	(9/89)
18.	Cleveland, OH	Cablevision Systems	165,780	(8/89)
19.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
20.	Fairfax, VA	Media General	164,519	(6/89)
21.	Tulsa, OK	UA Entertainment	159,551	(7/89)
22.	Connecticut Complex	Cablevision Systems	157,829	(8/89)
23.	Jacksonville, FL	Continental Cablevision	154,600	(5/89)
24.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,683	(6/89)
25.	Chicago, IL	TCI	148,857	(4/89)
26.	Charlotte, NC	ATC	148,850	(9/89)
27.	Memphis/W. Memphis, TN	ATC	148,000	(1/89)
28.	Brooklyn/Queens, NY	Warner	147,000	(9/89)
29.	Kansas City, MO	ATC	147,000	(2/89)
30.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
31.	Baltimore County, MD	Comcast	144,000	(6/89)
32.	Manhattan, NY	Paragon	143,500	(6/89)
33.	Pompano, FL	Continental	140,084	(9/89)
34.	Buffalo, NY	Adelphia Comm.	139,515	(8/89)
35.	Denver (suburbs), CO	UA Entertainment	139,303	(6/89)
36.	St. Louis, MO	Cencom	135,034	(8/89)
37.	San Francisco, CA	Viacom	134,000	(6/89)
38.	San Diego, CA	ATC	132,000	(1/89)
39.	Austin, TX	ATC	126,100	(10/89)
40.	Martin/Stuart Co, FL	Centel	125,000	(10/89)
41.	Seattle, WA	TCI	124,613	(8/89)
42.	Warren, NJ	TKR	119,358	(7/89)
43.	Richmond, VA	Continental	119,003	(1/89)
44.	Pinellas County, FL	Newhouse	114,000	(6/89)
45.	Wilmington, DE	Heritage	112,000	(6/89)
46.	Tacoma, WA	Viacom	112,000	(6/89)
47.	Grand Rapids, MI	UA Entertainment	111,198	(6/89)
48.	San Diego County, CA	Times Mirror	111,029	(5/89)
49.	Toledo, OH	Blade Communications	110,785	(5/89)
50.	Southeast Michigan	Comcast	110,000	(6/89)
51.	Chicago Suburbs, IL	Centel	109,576	(5/89)
52.	Raleigh/Durham, NC	ATC	109,000	(9/89)
53.	Las Vegas, NV	Prime Cable	107,288	(5/89)
54.	Dallas, TX	Heritage	107,244	(6/89)
55.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
56.	San Juan, PR	Multivision Cable	106,046	(6/89)
57.	Indianapolis, IN	Comcast	104,000	(6/89)
58.	Boston/Brookline, MA	Cablevision Systems	101,697	(8/89)
59.	Nashville, TN	Viacom	101,500	(6/89)
60.	Hillsborough/Tampa, FL	Paragon	100,281	(2/89)
61.	Pittsburgh, PA	TCI	98,952	(8/89)
62.	Chicago, IL	Group W	98,700	(5/89)
63.	Monmouth, NJ	Sutton Capital	97,266	(7/89)
64.	Jackson, MS	ATC	97,000	(1/89)
65.	St. Petersburg, FL	Paragon	95,412	(2/89)
66.	Greensboro, NC	ATC	95,200	(8/89)
67.	Columbus, OH	Warner	95,000	(9/89)
68.	Reading, PA	ATC	95,000	(10/89)
69.	Naples, FL	Palmer	94,450	(6/89)
70.	Worcester Complex, MA	Greater Media	94,897	(9/89)
71.	Portland, OR	KBLCOM	91,500	(8/89)
72.	Greensboro, NC	ATC	91,000	(1/89)
73.	Dade/Broward County, FL	Storer	90,000	(8/89)
74.	Wichita, KS	Multimedia	88,732	(9/89)
75.	Independence,MO	Jones	88,628	(8/89)
76.	Tucson, AZ	Cooke	86,976	(8/89)
77.	Akron, OH	Warner	86,900	(9/89)
78.	Fayetteville, NC	ATC	86,000	(10/89)
79.	Milwaukee, WI	Warner	86,000	(9/89)
80.	Harrisburg, PA	Sammons	85,200	(8/89)
81.	Orange County, CA	KBLCOM	85,100	(8/89)
82.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
83.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
84.	Fresno, CA	Continental	84,217	(6/89)
85.	Montgomery County, MD	Hauser	84,000	(8/89)
86.	Albuquerque, NM	Jones Intercable	83,119	(5/89)
87.	South Bend, IN	Heritage	82,744	(6/89)
88.	Houston Suburbs, TX	Prime Cable	82,000	(6/89)
89.	Medford Complex Boston Suburbs, MA	Warner	82,000	(6/89)
90.	Buffalo, NY	TCI	81,358	(7/89)
91.	Oakland County, MI	UA Entertainment	80,564	(8/89)
92.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
93.	New Orleans, LA	Cox Cable	78,979	(6/89)
94.	Providence/Warwick, RI	Times Mirror	78,528	(6/89)
95.	W. San Fernando Valley, CA	CV Industries	78,369	(8/89)
96.	Allentown, PA	Service Electric	78,000	(8/89)
97.	Thousand Oaks, CA	Western	78,000	(8/89)
98.	Indianapolis, IN	ATC	75,715	(10/89)
99.	Omaha, NE	Cox Cable	75,625	(6/89)
100.	South Texas, TX	Heritage	75,560	(6/89)

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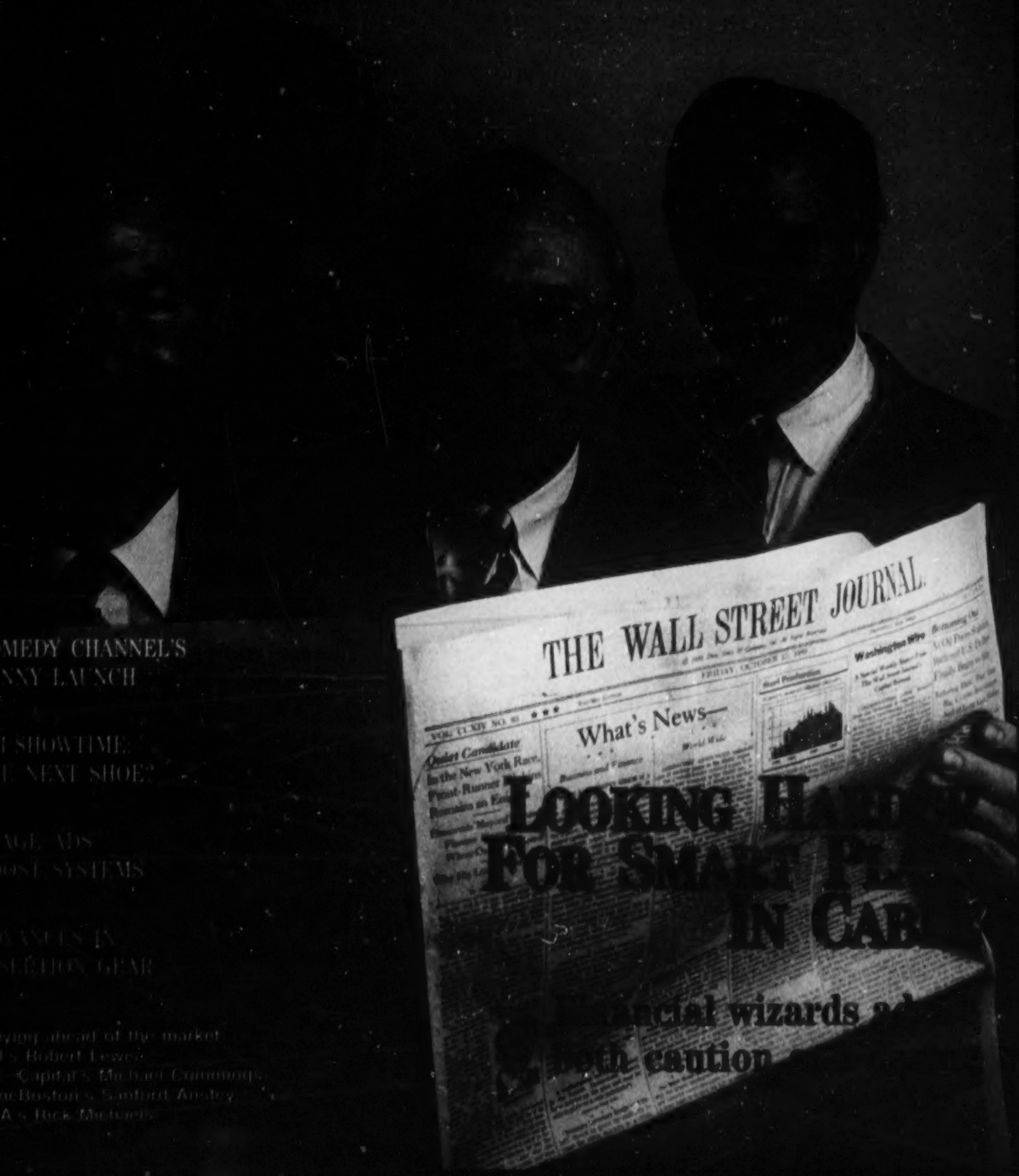
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aying ahead of the market
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E Capital's Michael Cummings
neBoston's Sanford Ainsley
A's Rick Michaels

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ABP BPA

Networks will pay $8-$9 million in interim ASCAP fees; judge may hold MSOs liable

By Larry Jaffee

A closer examination of the two court rulings in the controversy between ASCAP, the music licensing organization, and virtually all of the major cable networks reveals that the judge still has a lot to decide in the contentious issue of whether programmers' licenses extend to the home.

In mid-October, Magistrate Michael Dollinger of the U.S. District Court in New York put off resolving whether operators must pay fees for ASCAP-registered music used in programs they distribute to subscribers.

But he handed down a stopgap measure, setting interim fees owed by the cable networks until final levels could be worked out between the programmers and ASCAP, or if necessary, the court.

"It feels good to get some money flowing in," said Gloria Messinger, ASCAP managing director. She estimated that ASCAP will receive $8-$9 million in interim fees.

ASCAP believes the judge made numerous errors in a separate Showtime decision, which the music licensing organization is likely to appeal.

INTERIM FEES IMPOSED BY THE COURT

Licensee	Starting Date for Fee Payment*	Annual Amount	Sub Count	1989 Gross Revenue**
Showtime/TMC	Jan. 4, 1989	15 cents/sub	10 million	not applicable
HBO/Cinemax	Jan. 1, 1989	15 cents/sub	23.1 mill.	n/a
Disney Channel	June 7, 1989	15 cents/sub	4.5 mill.	n/a
Playboy	March 3, 1989	15 cents/sub	430,000	n/a
SportsChannel/ Prism	March 6, 1989	15 cents/sub	3.5 mill.	n/a
Bravo	March 8, 1989	15 cents/sub	2.5 mill.	n/a
AMC	March 6, 1989	15 cents/sub	20 mill.	n/a
USA Network	Aug. 11, 1988	.3%/gross rev.	n/a	$229.2 million
Lifetime	Sept. 23, 1988	.3%/gross rev.	n/a	$113.3 million
Discovery	Nov. 22, 1988	.3%/gross rev.	n/a	$43.9 million
Family Channel	Nov. 22, 1988	.3%/gross rev.	n/a	$84.7 million
BET	Nov. 20, 1988	.3%/gross rev.	n/a	$21.1 million
A&E	Dec. 14, 1988	.3%/gross rev.	n/a	$68.7 million
MTV/VH-1/Nick	Jan. 4, 1989	confidential	n/a	n/a
TNN	Feb. 10, 1989	confidential	n/a	n/a
Country Music	May 9, 1989	.7%/gross rev.	n/a	$3 million
Turner	Oct. 3, 1988	.3%/gross rev.	n/a	$628.8 million

* The Consent Decree provides that interim fees are to be awarded 'from the date of the filing of such application for interim fee'. If, however, that application is filed before the effective date of the requested license, the interim fee should run from the starting date of the license, since the licensee is not authorized to use the ASCAP music until that date.

** 1989 gross revenue projections made by Paul Kagan Associates. Estimates combine gross advertising billings with license fee revenue, but don't include revenue from other sources such as program guides or syndication.

*** The public court papers did not reveal what the annual level of interim fees will be for MTV/VH-1/Nickelodeon and The Nashville Network, in accordance with an agreement between ASCAP and those networks to keep the interim fee amount confidential.

However, in the Showtime case, the court "also ordered Showtime to pay the interest we asked for, which is encouraging for the future," she said, referring to the 11 percent interest directed on fees not paid during 1984-1988.

She also pointed out that in neither decision Dollinger didn't rule on whether ASCAP's 1950 consent decree covers cable television.

Bruce Sokler, a Turner attorney with the Washington firm Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, commented: "This ruling doesn't resolve anything."

But Sokler pointed out that the larger, unresolved, issue of whether operators will have to pay license fees "is still up for grabs." ■

QUARTERLY EARNINGS CHART

Dollar amount in thousands

Company (Quarter/Fiscal Year)	Revenues	%Change	Operating Profit	%Change	Net Income	%Change
Capital Cities/ABC (3rd/89)	$ 1,101,238	9	$ 157,277	14	$ 80,781	22.4
Century Communications (1st/90)	**52,879**	**21.3**	**3,320**	**- 65.8**	**- 14,409**	**- 545.6**
Home Shopping Network (4th/89)	187,400	11.5	N.A.	N.A.	- 26,000	- 87.3
Scripps Howard (3rd/89)	**69,923**	**7.1**	**11,918**	**3.8**	**2,869**	**14.6**
Time Warner (3rd/89)	2,194,000	48.3	323,000	43.6	-176,000	- 360.2
Times Mirror (3rd/89)	**873,862**	**67.6**	**113,887**	**- 7.3**	**70,140**	**- 13.3**
Video Jukebox Network (3rd/89)	1,145	66	N.A.	N.A.	- 290	- 39.3
Zenith Electronics (3rd/89)	**376,800**	**4.2**	**- 7,300**	**- 82.1**	**- 24,100**	**- 87.5**

Financial/Stocks

- In a move to bolster the geographic scope of their operations, independent brokerage/financial services firms **Johnson, Crowley & Associates** and **Communications Marketing Group Inc.** will align their operations. The move stops short of a merger, and each will maintain separate identities but will work together to provide a fuller range of client services, says Communications Marketing principal Allan Bowdach. "By having Allan in the fold, we'll be able to do more together than either would do individually," says Eugene Johnson. The association is a reunion of sorts; principals in both firms previously worked together at Cable Investments Inc. And they share a philosophy: both firms say they get the most satisfaction from tough deals, involving things like bankruptcies or overbuilds. "We're going to see the fruits of this association real soon," Bowdach predicts.

- **Turner Broadcasting System** completed its $1.6 billion refinancing. The refinancing included the sale of $550 million of debentures that proved to be one of the few successful high-yield offerings in a weak junk bond market. The remainder was comprised of a $900 million bank credit facility arranged by Chase Manhattan Bank and $200 million in proceeds of LYONs underwritten by Merrill Lynch Capital Markets. TBS said it expects to record an extraordinary loss of approximately $122 million in the fourth quarter as a result of the early retirement of debt. Ted Turner said the company's long-term financing is now "on a much more reasonable basis than before."

- **QVC Network Inc.** completed its acquisition of **CVN Companies Inc.** in a consolidation that transforms the second- and third-ranked home shopping networks into the largest in the field. Under terms of the $462 million acquisition, QVC paid $19 a share plus one-eighth of a share of QVC stock for each share of CVN. Comcast Corp. kicked in $30 million in subordinated debt, and TCI may lend QVC up to $50 million to help finance the deal. The deal did force CVN to cancel its previously announced $10 dividend. When the operations are fully integrated, the QVC/CVN program will offer a single channel reaching approximately 32 million subs. The company's other channel will be used for a new multiple-merchant shopping program reaching 7 million subscribers.

- **Cable Investments Inc.** announced several appointments, including Peggy Worthington, who joins the broker as a financial analyst, and Vince Allen and Karen Dexter, both joining the brokerage division as assistant vice presidents. Gerald Smart has been named a vice president of the firm's brokerage division, and Robert Berger has been promoted to senior vice president. The firm said it expects that the deals it will close this year to top $200 million, including investment banking projects.

- **Comcast Corp.** voted a three-for-two stock split in the form of a 50 percent stock dividend. The split also resulted in an adjustment of the company's previously announced four-cent-a-share cash dividend, which has been reduced to 2-2/3 cents per share.

Acquisitions

- **E.W. Scripps Co.** bolstered its system holdings with the acquisition of a suburban Atlanta system held by **Cable USA Inc.** The system, adjacent to holdings the company has in northern Georgia, is still under construction, and ultimately will serve 7,600 homes, the company said. Terms were not revealed.

The CABLE POLL

by Midwest CATV & CableVision Magazine

More systems hire security officers in all-out campaign to reduce theft of service

From tightening up operational procedures to reduce "coffee shop disconnects" to assisting federal authorities in breaking up interstate black box rings, it now is evident that cable operators are making a major commitment to combat theft of service.

Increasingly, that commitment is taking the form of a new staff person, the system security manager. These people, often former law enforcement officers, are responsible for tap audits, converter box security and prosecutions. And in many cases they are more than paying for themselves through the increased cash flow generated when illegal customers become paying subs.

According to data from the Cable Poll™, 16 percent of all systems—and an eye-opening 50 percent of all systems with more than 50,000 subs—now have a security person either on the local staff or at regional headquarters. And these security managers obviously are hard at work. The Cable Poll™ reveals that 80 percent of all systems have instituted regular sweeps, or tap audits, to detect homes that are receiving unauthorized service; 36 percent of all systems and 50 percent of the larger systems have offered an amnesty program; and 45 percent of all systems (73 percent of the larger ones) have adopted tighter controls over converters, both as a means of eliminating theft of pay channels by legal basic customers and to reduce the number of boxes that disappear into the black market.

Number

5

in a series of ten

But perhaps the most striking figure from the poll is that 36 percent of all operators have filed civil or criminal charges against an individual or a company in the past year, a figure that rises to 55 percent of systems with more than 50,000 subs.

As growth in penetration slows, operators sometimes can find as many new customers among the illegal population as in the community at large, according to experts such as Bob Astarita.

Astarita, corporate director of security at Cablevision Systems Development, is among the old hands in fighting cable theft, and may be the original, having been on the job with Cablevision since he left the FBI in 1984. In that time he and his staff (there's a trained security director on site at each of the seven Cablevision divisions) have filed "several hundred" civil and criminal charges against cable thieves "and we've never lost one," he says proudly.

Astarita advocates a simple, direct approach to reducing theft. The Cablevision method is this: Initially, each system conducts a thorough tap audit, which spots homes that are receiving service but who are not paying customers. Those homes immediately are disconnected and sent a non-accusatory letter stating that, perhaps as a result of the cable company's fault, they are improperly receiving service. As a friendly reminder, the legal penalties for theft of service are stated. Marketing brochures also are included. Astarita's experience is that 25 percent of those quickly convert to paying subs.

Phase two is a second tap audit focusing on those homes that did not convert. If any of them are found to have reconnected, Cablevision swiftly files civil or criminal suits, depending on existing laws of the state.

And while he is reluctant to discuss budgets, it's apparent that Astarita's department is a net revenue generator for Cablevision. The amount of money he returns to corporate, over and above all salaries and expenses, "is in the seven figures. You could say the return on the investment that's made in the security function here is 100 percent."

Cox Enterprises, parent of Cox Cable, also has a former FBI agent, Terry Wingfield, managing its security program. The company as well has hired Chuck Rochner, a former Secret Service agent who worked at the White House, as director of security for the cable division.

They and a host of other security directors at MSOs and programmers—Astarita said their ranks have at least doubled in the last year—work closely with Jim Allen, director of the Office of Cable Signal Theft at the NCTA. They have grown into a fraternity of sorts whose greatest value to the industry may well be their working relationships with old friends still in the FBI, the U.S. Customs Service or among the many U.S. Attorneys. While they are modest in claiming credit, it can be concluded that a main reason many more prosecutors now are pressing theft of service cases—especially those involving large mail-order houses specializing in black boxes—is because they know they are being handed air-tight cases by cable security personnel.

Despite these advances, theft remains a staggering problem (**see related story, page 54**). Allen estimates that active theft, stemming from the black market in altered converter boxes, and passive theft—faulty disconnects and people who hook it up themselves—amounts to a $1.2 billion drain on annual industry revenue.

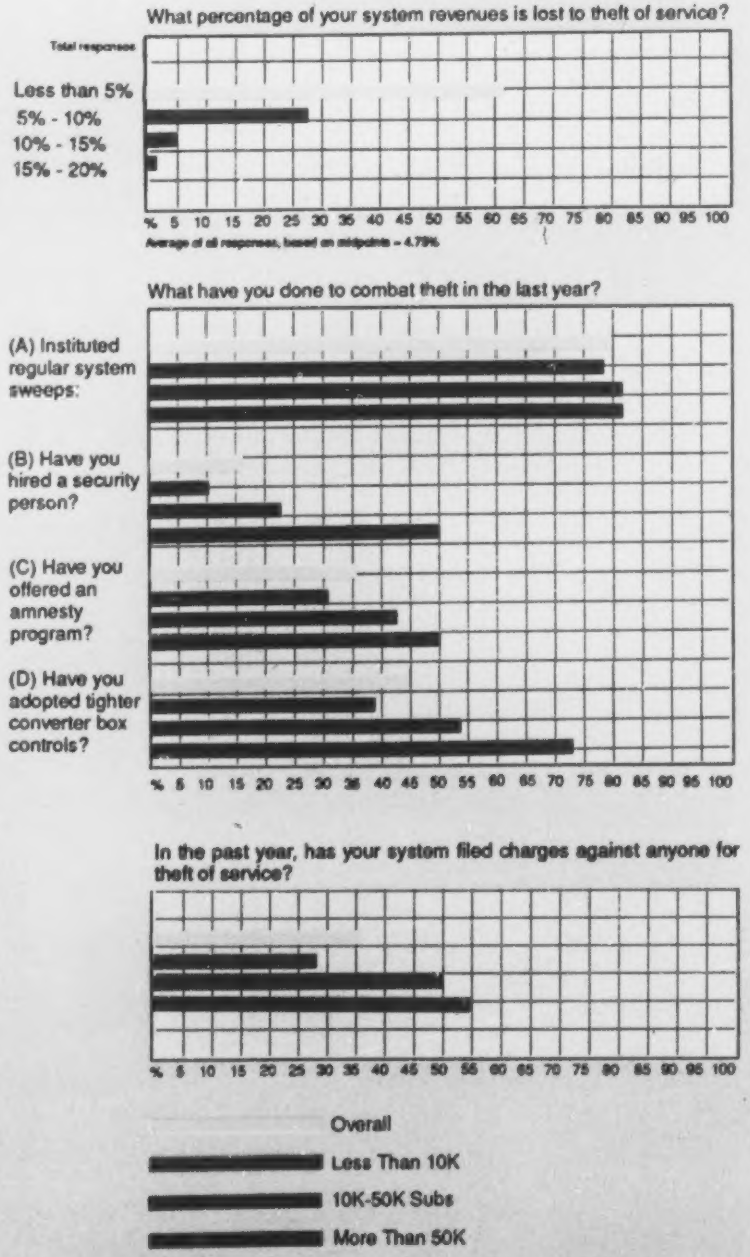
Interviewed by Cable Poll™ researchers, 62 percent of operators estimated that passive theft amounts to five percent or less of lost revenues; 28 percent put the figure at between five and 10 percent, while 15 percent of operators said passive theft amounts to between 10 and 15 percent of lost revenues. By weighting and averaging the midpoints of those responses, it can be determined that operators on average are seeing 4.75 percent of total revenues disappear down the wire, a figure that translates into $664.72 million lost to theft this year, based on a conservative estimate of $14 billion in total industry-wide operator revenues.

Hiring a trained security person, although expensive, is a wise move for larger systems, Allen said. "Many operators realize that existing personnel can't devote the time to this that it deserves, and they recognize that to be successful you have to have someone with a law enforcement background who can work with and cooperate with the local authorities to develop cases and bring them to trial."

Allen recommends that for a theft-reduction campaign to be successful, an operator must adopt "an all-encompassing approach, starting with your own employees. After they have been trained to understand that you will have a low tolerance of theft, then that concept has to be put out in the community that you will take a hard stance against it. Then the thing to do is establish contact with law enforcement."

It's understood that in the past year OCST and its network of MSO security managers has assisted federal authorities in identifying and building cases against between 20 and 25 major black box companies. It's believed that several of those cases, some involving claims for sums in the millions of dollars, will break later this year. ■

Adding Up Your Answers:



HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

DATABASE

Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	387	9,000,000
Alternate View Network	300	4,500,000
Arts & Entertainment Network (A&E)	3,700	39,673,000
Black Entertainment Television	1,800	24,218,000
CNBC	750	13,000,000
Cable News Network	11,860	51,527,000
Cable Value Network	1,800	23,300,000
C-SPAN	3,341	46,600,000
C-SPAN II	649	18,106,660
Country Music Television	1,092	9,124,974
The Discovery Channel	5,324	44,090,000
Eco/Galavision	300	1,000,000
ESPN	20,500*	53,400,000
Eternal Word Television Network	490	10,800,000
The Family Channel	8,424	45,734,000
Family Guide Network	60	4,500,000
FamilyNet	388	3,500,000
The Fashion Channel	650	10,100,000
Financial News Network	3,500	31,219,000
FNN/Score	1,600	20,000,000
Headline News	3,410	37,727,000
Home Shopping Network	1,488	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	920	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	119	5,100,000
KTVT	417	3,600,000
The Learning Channel	1,150	18,000,000
Lifetime	3,800	44,177,000
Mind Extension University	156	4,900,000
MTV	5,405	47,137,000
Movietime	447	13,000,000
The Nashville Network	8,318	45,923,000
National College Television	380	6,569,228
Nick At Nite	3,440	39,600,000
Nickelodeon	6,600	47,183,000
The Nostalgia Channel	389	5,800,000
Prevue Guide	400	12,000,000
QVC Network	1,000	14,100,000
RFD TV	30	2,182,190
Silent Network	189	13,600,000
SportsChannel America**	N.A.	1,500,000
TBS Superstation	9,426	49,725,000
Telemundo***	5	100,000
TNT	3,865	35,000,000
The Travel Channel	659	11,000,000
Trinity Broadcasting Network	725	9,100,000
Univision***	500	509,500
USA Network	10,100	48,427,000
VH-1	2,530	32,390,000
Vision Interfaith Satellite Network	315	6,200,000
The Weather Channel	3,650	39,051,000
WGN-TV	11,415	24,900,000
WWOR-TV	2,600	12,500,000
WPIX-TV	858	9,678,474
WSBK-TV	57	350,808

Bonus/basic services		
American Movie Classics	1,700	20,000,000
Bravo	375	2,500,000

Pay services		
American Exxxtasy	35	27,000
Cinemax	3,650	6,600,000
The Disney Channel	5,700	4,337,300
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	2,700,000
The Playboy Channel	526	470,000
Showtime	6,000	6,600,000

Audio services		
AEI Lifestyle	142	2,578,838
AEI StarTracks Vocal Hits	26	854,390
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galatic Radio	102	3,000,000
KKGO Super Jazz	18	133,639
Moody Bible Institute	63	1,058,368
Satellite Radio Network	237	483,000
Tempo Sound	125	1,250,000
WFMT Chicago	170	1,259,804

Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	300,000
Genesis Storytime	39	1,550,000
NuStar	351	10,097,742
Reuters NewsView	127	2,437,000

Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000

Non satellite-fed national services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000

Pay services		
Nippon Golden Network	5	13,600

Interactive services

Basic services	Affiliates	Subscribers
Video Jukebox Network	22	1,950,000

Regional services

Basic services	Affiliates	Subscribers
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	7	180,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,206,000
Life Newsvision	35	50,000
Madison Square Garden Network	112	2,400,000
Meadows Racing Network	14	600,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pennarama	28	750,000
Prime Cable	9	381,938
Prime Sports Network	11	300,000
Prime Ticket	115	3,500,000
SportsChannel (Chicago)	50	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,310,000

Pay services		
Home Sports Entertainment	250	1,000,000
Home Team Sports	125	1,200,000
New England Sports Network	171	317,201
Prism	87	427,000
Pro-Am Sports	173	523,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,028,431
SportsChannel (New York)	100	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 345 Park Avenue South, 9th Floor, New York, NY 10010.

N/A denotes information not available.

***Includes MMDS and SMATV systems**

****Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services.**

*****Spanish-speaking households.**

Announced services

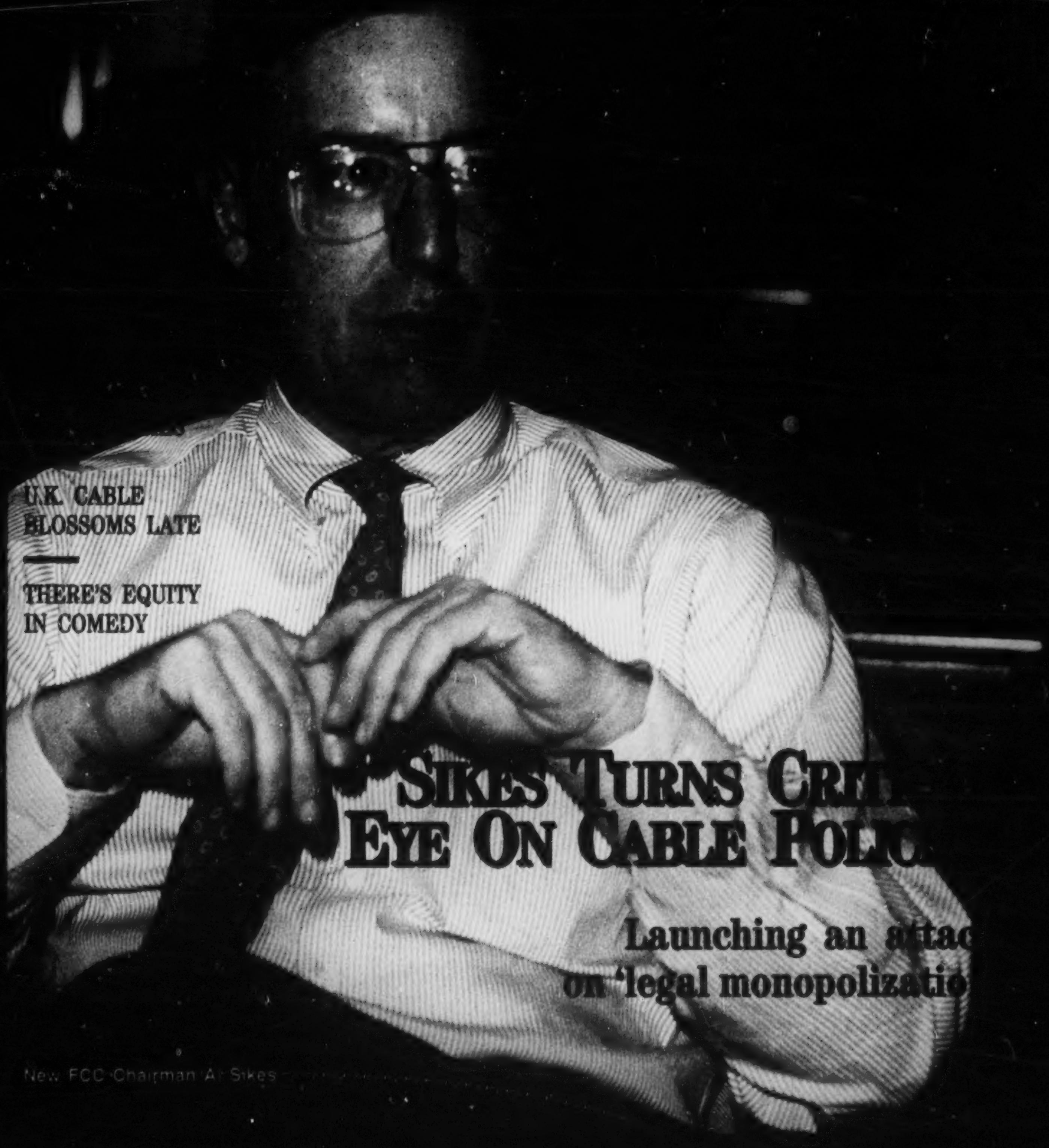
Satellite-fed services	Expected launch
American Western Network	1st Quarter 1990
The Asia Network	4th Quarter 1989
Cable Shopping Mall (QVC/CVN II)	2/90
Career Channel Network	1990
CD/16: The Digital Music Network	4th Quarter 1989
Cowboy TV Network	3/90
Digital Cable Radio	12/89
Digital Radio Channel	12/89
The Gaming Network	9/90
The Global Channel	1st Quarter 1990
Global Village Network	3rd Quarter 1990
HA TV Comedy Network (MTV)	4/90
HBO Comedy Channel	11/89
The How-To Channel	2nd Quarter 1990
Kids Information Network	4th Quarter 1989
Maximum Entertainment Network	4th Quarter 1989
Mizlou Sports News Network	11/89
Music Image Channel	11/89
Prime Network	4th Quarter 1989
The Sci-Fi Channel	4th Quarter 1990
Talk Television	4th Quarter 1989

Non satellite-fed services	Expected launch
ACTV	2nd Quarter 1990
Main Street	1990
On Demand/UTV TV Network	1990

CableVision

C3800-8

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT DECEMBER 4, 1989



U.K. CABLE BLOSSOMS LATE

THERE'S EQUITY IN COMEDY

SIKES TURNS CRI EYE ON CABLE POLIC

Launching an attac on 'legal monopolizatio

New FCC Chairman Al Sikes

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT DECEMBER 4, 1989

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Panning sub-niche gold

A rash of new networks hope to launch, but the market is crowded and financing is tight

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million in revenues, up 36.4 percent from $198 million in 1988.

- **General Instrument** will declare a quarterly common stock cash dividend of 12 cents. The dividend will be paid Jan. 2 to shareholders of record Dec. 1. In another action, GI will acquire **Semitron Industries** for $4.7 million. Semitron, based in Cricklade, England, manufactures transient voltage protection devices for telecommunications purposes and is projected to amass $5 million in revenues for the fiscal year ending Sept. 30. GI will operate Semitron within its power semiconductor division.

- **Financial News Network** has completed a $50 million credit facility for working capital and acquisitions use. **Security Pacific** and **Toronto Dominion Bank** arranged the facility.

QUARTERLY EARNINGS CHART

Dollar amount in thousands

Company (Quarter/Fiscal Year)	Revenues	%Change	Operating Profit	%Change	Net Income	%Change
Cablevision Systems (3rd/89)	$ 124,415	- 1.9	$ 52,819	35.8	$ N.A.	N.A.
Financial News Network (1st/90)	15,303	29.1	N.A.	N.A.	1,401	64.1
Turner Broadcasting (3rd/90)	269,329	36.4	51,345	63.8	35,193	103.4
WestMarc Communications (3rd/89)	52,665	37.3	12,381	82.9	8,427	142.3

Contracts/Orders

- **SecaGraphics** will sign a $1.3 million mapping services contract with **Hong Kong Cable Communications Ltd.**, winner of the Hong Kong franchise. The company will install a six workstation drafting system by January, then train 15 HKCC officials and provide consulting services. **US West** owns 25 percent of HKCC, which could become the world's largest cable system with more than 1.5 million homes passed. ■

CLASSIFIEDS

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Competitive salary and excellent benefit package. Qualified candidates submit resume and requirements to:

CV 12469

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Storer Cable TV
934 E. Centerville Rd.
Garland, TX 75041

EOE M/F

HOW TO RESPOND TO A BLIND BOX AD:

CV (Blind Box Number), c/o CableVision Magazine
600 South Cherry Street, Suite 400, Denver, CO 80222

The CABLE POLL

™Midwest CATV & CableVision Magazine

Three out of four systems believe they would pass CLI test if inspected today

In what observers said was a clear case of system managers responding with their hearts rather than their heads, three out of four GMs told Cable Poll™ interviewers that, if their system were inspected today, it would pass the Federal Communications Commission's cumulative leakage index test.

"That seems to be badly at odds with the FCC's own inspection data, which shows that 67 percent of all systems they inspect are in violation today," Wendell Bailey, vice president of science and technology at the National Cable Television Association, said in reacting in disbelief to the data. Bob Dickinson, president of Dovetail Systems in Bethlehem, Pa., a company specializing in helping systems comply with CLI rules, said the level of confidence expressed by system managers perhaps is a reflection not of engineering standards but of simple mathematics: "Some people may be just playing the odds, because they know the number of inspections the FCC can do in a year may be low enough to make it worth the gamble" that they won't get caught.

Number

6

in a series

of ten

But that is a gamble that Bailey and others said is a sucker's bet. "The FCC will step up the number of inspections, and the question is not whether there will be any (caught) but how many and (just how hard the FCC will) sting the hell out of them. Everyone out there potentially is the candidate to... find their name up in lights," Bailey said.

Nevertheless, out of nearly 400 system management personnel interviewed on the subject of CLI, most said their systems right now are tight enough to pass muster. Managers at 75 percent of systems with fewer than 10,000 subs, 76 percent of systems with between 10,000 and 50,000 subs and 91 percent of systems with more than 50,000 subs said they believed they are not leaking in excess of the allowable 20 microvolts per meter measured at three meters.

The managers also were asked what steps they have taken to come into compliance with the CLI rules, which take effect July 1 after a five-year notification period. Sixty-one percent of all respondents said they had commissioned an aerial flyover or ground survey to determine what parts of the plant need attention; 98 percent said they had developed a plan to correct leaks identified in the flyover or ground survey; the same 98 percent said they had put that maintenance plan into effect; and 81 percent said that, based on that maintenance plan, they had completed work on correcting identified leaks.

Dickinson said some of that data made sense to him, but he found other responses hard to believe. "It wasn't too long ago that virtually nobody was doing anything (to prepare for implementation of the CLI rules). But today I would say that the major MSOs have taken the situation seriously. I do believe that 98 percent have a plan, but whether it's been tested, that's different." Dickinson based his conclusions on experience from well over 100 flyovers his company has done for cable systems. He said Dovetail is booked solid through next March.

Bailey also cautioned that, even accepting that most operators believe they are in compliance with the rules now, staying in compliance is another matter. "If they have fixed all their leaks today, by the time you get to July 1, 1990, they will have 200 new leaks" due to normal aging of the plant, he said. "I believe the only way to correctly pass this and continue to pass this is to put a plan in place forever. This is not a project with a short time frame on it. Once you commit to it, you must recognize you're committing to it forever."

As the industry gains a better understanding of the engineering work required to comply with CLI, the condition of older systems is beginning to come into critical focus. Observers said that it will be very difficult, perhaps even impossible, for many systems more than 20 years old—certainly those that have not benefited from a large-scale modernization of the plant—to come into compliance short of a complete rebuild.

"There's going to have to be some hard choices," said one MSO chief engineer who asked not to be named. "For us and some other companies I know of, we have some smaller properties that were built in the 1960s that there's no way we could tighten up short of just tearing it down and starting from scratch. You just can't put a Band-Aid on gaping wounds like that. Maybe the best thing for us is to bite the bullet and come July 1 just shut down the aeronautical band. At least that way we stay in business."

Dickinson echoed that thought. "I

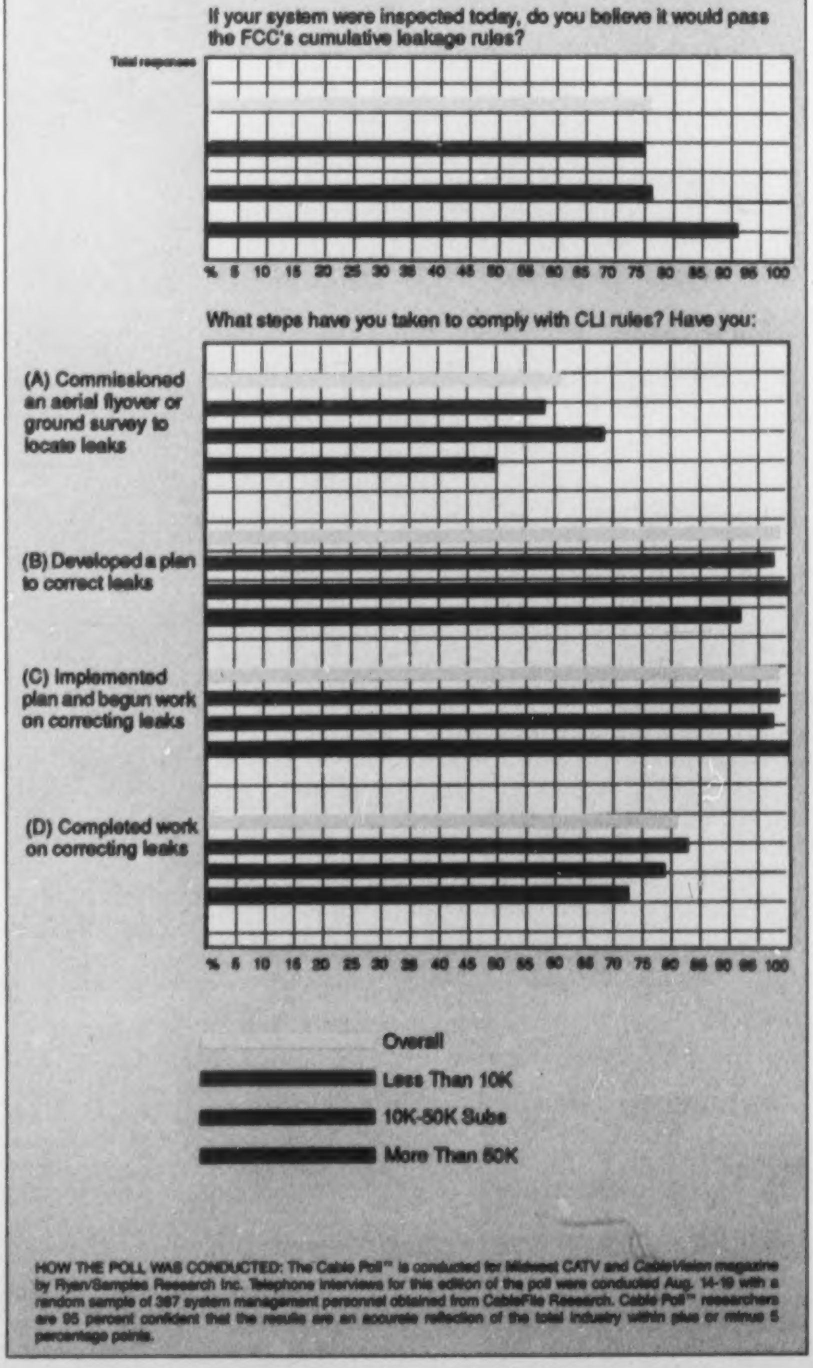
think everybody or most people have some systems that will be hard to fix. You can tighten up any system, but with old systems it's very expensive, perhaps prohibitively so, especially if they weren't built with good fittings to begin with."

But for the vast majority of systems, complying with the CLI rules certainly is not an insurmountable or extremely expensive undertaking, observers noted. As Dickinson said, "the tests are not unreasonable, and people who have things fairly well under control should pass. And once you get a system in pretty good shape, constant maintenance will keep it that way. I also believe that with either the ground-based or the flyover, there is enough leeway in the formulas and procedures... that a system in reasonable shape can pass and still be far from perfect." To which Bailey added: "And be sure to keep your records and paperwork in good order."

The NCTA has conducted six seminars on CLI attended by a total of about 2,000 people, Bailey said. But while the industry's familiarity with the CLI requirements is progressing, Dickinson, who often speaks at trade shows on the subject, said he's shocked by how often someone in the audience will say they haven't heard about the new rules.

"**T**hey've (systems) had five years to get ready for this, so the FCC isn't going to be lenient. The commission has put too much into this, so that if they find some people out, they will really nail them." Bailey seconded that thought: "You can fool people with the paperwork up the line (at MSO headquarters) but you can't fool that guy in the truck who comes out from the FCC." ■

Adding Up Your Answers:



If your system were inspected today, do you believe it would pass the FCC's cumulative leakage rules?

What steps have you taken to comply with CLI rules? Have you:

HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and CableVision magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

Top 100 MSO's

Rank	Multiple system operator	Basic subs	
1.	Tele-Communications Inc.	6,228,526	(6/89)
2.	American Television & Communications Corp.	4,202,000	(10/89)
(4) 3.	UA Entertainment	2,530,000	(9/89)
(3) 4.	Continental Cablevision	2,486,358	(7/89)
5.	UA Entertainment	2,530,000	(9/89)
5.	Warner Cable Communications	1,700,000	(9/89)
6.	Storer Cable Communications	1,531,000	(8/89)
7.	Cox Cable Communications	1,500,000	(10/89)
8.	Comcast	1,490,000	(11/89)
9.	Cablevision Systems	1,387,771	(10/89)
10.	Jones Intercable/Spacelink	1,325,552	(10/89)
11.	Newhouse Broadcasting	1,147,000	(5/89)
12.	Heritage Communications	1,131,343	(11/89)
13.	Times Mirror Cable TV	1,061,486	(10/89)
(15) 14.	Viacom Cable	986,000	(11/89)
(14) 15.	Cablevision Industries	972,900	(8/89)
16.	Sammons Communications	870,898	(9/89)
17.	Century Communications	825,000	(10/89)
18.	Adelphia Communications	751,700	(9/89)
19.	Paragon Communications	750,000	(10/89)
20.	Cooke Cablevision	730,800	(5/89)
21.	Falcon Cable TV	700,000	(10/89)
22.	Telecable	580,000	(5/89)
23.	WestMarc Communications	564,009	(9/89)
24.	KBLCOM	558,100	(4/89)
25.	Scripps-Howard	539,000	(9/89)
26.	Multivision Cable TV	482,000	(4/89)
27.	Tele-Media	475,163	(9/89)
28.	Prime Cable	458,000	(6/89)
29.	Lenfest Group	437,833	(8/89)
30.	Post-Newsweek Cable	403,000	(4/89)
(32) 31.	Maclean Hunter Cable TV	357,500	(5/89)
(33) 32.	TCA Group	349,300	(4/89)
(34) 33.	Colony Communications	327,793	(9/89)
(35) 34.	Rifkin & Associates	324,000	(4/89)
(36) 35.	Multimedia Cablevision	321,300	(4/89)
(41) 36.	Simmons Communications*	315,000	(11/89)
(38) 37.	TKR Cable	278,482	(5/89)
(39) 38.	Triax Communications	277,500	(6/89)
(40) 39.	Western Communications	266,700	(4/89)
(31) 40.	Cencom Cable	261,889	(10/89)
(42) 41.	Hauser Communications	247,000	(7/89)
(37) 42.	Centel Cable	242,000	(11/89)
43.	Star Cablevision Group	240,096	(8/89)
44.	Service Electric Cable TV Inc.	211,500	(4/89)
45.	Greater Media	205,000	(9/89)
46.	King Videocable	190,915	(8/89)
47.	Sutton Capital	189,179	(9/89)
48.	Harron Communications	185,000	(8/89)
49.	Columbia International	176,350	(8/89)
50.	Media General	176,068	(6/89)
51.	C-TEC Cable Systems	174,814	(9/89)
52.	U.S. Cable Corp.	168,000	(9/89)
53.	Palmer Communications	160,551	(3/89)
54.	Insight Communications	157,700	(4/89)
55.	Armstrong Utilities	153,337	(7/89)
(57) 56.	Northland Communications	141,398	(11/89)
(56) 57.	Summit Communications	141,000	(10/89)
58.	Bresnan Communications	127,105	(8/89)
59.	Booth Communications	124,893	(9/89)
60.	Sonic Communications	117,551	(5/89)
61.	Susquehanna Broadcasting	116,370	(9/89)
62.	McDonald Group	115,200	(4/89)
63.	United Video Management	113,132	(8/89)
64.	Pencor Services	107,200	(10/89)
65.	First Carolina Communications	99,500	(3/89)
66.	Midcontinent Cable Systems Co.	95,550	(8/89)
67.	WEHCO Video	93,900	(4/89)
68.	Gilbert Media	85,000	(6/89)
69.	Coaxial Communications	80,000	(5/89)
70.	Selkirk Communications	80,000	(9/89)
71.	Mission Cable	72,294	(8/89)
72.	Barden Cablevision	70,945	(8/89)
73.	Douglas Communications	70,100	(8/89)
74.	James Cable Partners	70,000	(4/89)
75.	Cardinal Comunications	60,500	(6/89)
76.	Prestige Cable TV Inc.	60,410	(7/89)
(84) 77.	Leonard Communications	60,000	(10/89)
(77) 78.	Omega Communications	60,000	(8/89)
(78) 79.	Helicon Corp.	59,000	(8/89)
(79) 80.	Hearst Communications Of California	58,200	(5/89)
(80) 81.	Fanch Communications	58,000	(6/89)
(81) 82.	Telesat Cablevision Inc.	57,235	(6/89)
(82) 83.	State Cable TV	54,700	(5/89)
(83) 84.	Galaxy Cablevision	54,627	(8/89)
85.	Joseph Gans Cable TV	50,000	(8/89)
86.	New England Cablevision	49,000	(4/89)
87.	Republic Communications Corp.	48,000	(5/89)
88.	Rock Associates	47,500	(3/89)
89.	Donrey Media Group	47,500	(3/89)
90.	360 Corp.	45,000	(5/89)
91.	Cable America Corp.	44,045	(9/89)
(94) 92.	CableSouth Inc.	43,420	(10/89)
(92) 93.	Cable Holdings Inc.	43,135	(10/89)
(93) 94.	Masada Corp.	43,120	(8/89)
95.	Star Cable Associates	42,000	(8/89)
96.	Eastern Connecticut Cable TV	41,820	(6/89)
97.	C4 Media	41,275	(7/89)
98.	Raystay Co.	40,447	(8/89)
99.	Acton Corp.	40,400	(3/89)
100.	Schurz Communications	40,078	(8/89)

( ) Rank last listing

*** Reflects Centel Cable acquisition***

Subscriber counts are provided by MSOs and systems to Cable Vision. Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 345 Park Avenue So., 9th Floor, New York, NY 10010.

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	479,594	(10/89)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Manhattan, NY	ATC	231,864	(6/89)
6.	Puget Sound, WA	Viacom	225,800	(6/89)
7.	Phoenix, AZ	Times Mirror	220,968	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), Il	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Houston, TX	Warner	179,000	(9/89)
13.	Wayne, NJ	UA Entertainment	176,838	(11/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
16.	Cincinnati, OH	Warner	167,000	(6/89)
17.	Atlanta, GA	Prime Cable	166,000	(9/89)
18.	Cleveland, OH	Cablevision Systems	165,799	(10/89)
19.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
20.	Fairfax, VA	Media General	164,519	(6/89)
21.	Tulsa, OK	UA Entertainment	159,551	(7/89)
22.	Connecticut Complex	Cablevision Systems	158,569	(10/89)
23.	Kansas City, MO	ATC	158,500	(11/89)
24.	Jacksonville, FL	Continental Cablevision	154,600	(5/89)
25.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,683	(6/89)
26.	Chicago, IL	TCI	148,857	(4/89)
27.	Charlotte, NC	ATC	148,850	(9/89)
28.	Brooklyn/Queens, NY	Warner	147,000	(9/89)
29.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
30.	Baltimore County, MD	Comcast	144,000	(6/89)
31.	Memphis/W. Memphis, TN	ATC	143,957	(10/89)
32.	Manhattan, NY	Paragon	143,500	(6/89)
33.	Pompano, FL	Continental	140,084	(9/89)
34.	Buffalo, NY	Adelphia Comm.	139,515	(8/89)
35.	Denver (suburbs), CO	UA Entertainment	139,303	(6/89)
36.	San Diego, CA	ATC	135,300	(11/89)
37.	St. Louis, MO	Cencom	135,230	(8/89)
38.	San Francisco, CA	Viacom	134,000	(6/89)
39.	Austin, TX	ATC	126,100	(10/89)
40.	Martin/Stuart Co, FL	Centel	125,000	(10/89)
41.	Seattle, WA	TCI	124,613	(8/89)
42.	Warren, NJ	TKR	119,358	(7/89)
43.	Pinellas County, FL	Newhouse	114,000	(6/89)
44.	Wilmington, DE	Heritage	112,000	(6/89)
45.	Tacoma, WA	Viacom	112,000	(6/89)
46.	Grand Rapids, MI	UA Entertainment	111,198	(6/89)
47.	San Diego County, CA	Times Mirror	111,029	(5/89)
48.	Toledo, OH	Blade Communications	110,785	(5/89)
49.	Southeast Michigan	Comcast	110,000	(6/89)
50.	Chicago Suburbs, IL	Centel	109,576	(5/89)
51.	Raleigh/Durham, NC	ATC	109,000	(9/89)
52.	Las Vegas, NV	Prime Cable	107,288	(5/89)
53.	Dallas, TX	Heritage	107,244	(6/89)
54.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
55.	San Juan, PR	Multivision Cable	106,046	(6/89)
56.	Indianapolis, IN	Comcast	104,000	(6/89)
57.	Nashville, TN	Viacom	101,500	(6/89)
58.	Boston/Brookline, MA	Cablevision Systems	101,471	(10/89)
59.	Hillsborough/Tampa, FL	Paragon	100,281	(2/89)
60.	Pittsburgh, PA	TCI	98,952	(8/89)
61.	Jackson, MS	ATC	98,915	(10/89)
62.	Chicago, IL	Group W	98,700	(5/89)
63.	Monmouth, NJ	Sutton Capital	97,579	(9/89)
64.	Greensboro, NC	ATC	96,140	(10/89)
65.	St. Petersburg, FL	Paragon	95,412	(2/89)
66.	Columbus, OH	Warner	95,000	(9/89)
67.	Reading, PA	ATC	95,000	(10/89)
68.	Naples, FL	Palmer	94,450	(6/89)
69.	Worcester Complex, MA	Greater Media	94,897	(9/89)
70.	Richmond, VA	Continental	92,272	(10/89)
71.	Portland, OR	KBLCOM	91,500	(8/89)
72.	Dade/Broward County, FL	Storer	90,000	(8/89)
73.	Wichita, KS	Multimedia	88,732	(9/89)
74.	Independence,MO	Jones	88,628	(8/89)
75.	Tucson, AZ	Cooke	86,976	(8/89)
76.	Fresno, CA	Continental	86,317	(10/89)
77.	Akron, OH	Warner	86,000	(9/89)
78.	Fayetteville, NC	ATC	86,000	(10/89)
79.	Milwaukee, WI	Warner	86,000	(9/89)
80.	Minneapolis/St. Paul suburbs, MN	Hauser	86,000	(10/89)
81.	Harrisburg, PA	Sammons	85,200	(8/89)
82.	Orange County, CA	KBLCOM	85,100	(8/89)
83.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
84.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
85.	Montgomery County, MD	Hauser	84,000	(8/89)
86.	Albuquerque, NM	Jones Intercable	83,119	(5/89)
87.	South Bend, IN	Heritage	82,744	(6/89)
88.	Houston Suburbs, TX	Prime Cable	82,000	(6/89)
89.	Medford Complex Boston Suburbs, MA	Warner	82,000	(6/89)
90.	Buffalo, NY	TCI	81,350	(7/89)
91.	Oakland County, MI	UA Entertainment	80,564	(8/89)
92.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
93.	New Orleans, LA	Cox Cable	78,979	(6/89)
94.	Providence/Warwick, RI	Times Mirror	78,528	(6/89)
95.	W. San Fernando Valley, CA	CV Industries	78,369	(8/89)
96.	Allentown, PA	Service Electric	78,000	(8/89)
97.	Thousand Oaks, CA	Western	78,000	(8/89)
98.	Indianapolis, IN	ATC	75,715	(10/89)
99.	Omaha, NE	Cox Cable	75,625	(6/89)
100.	South Texas, TX	Heritage	75,560	(6/89)

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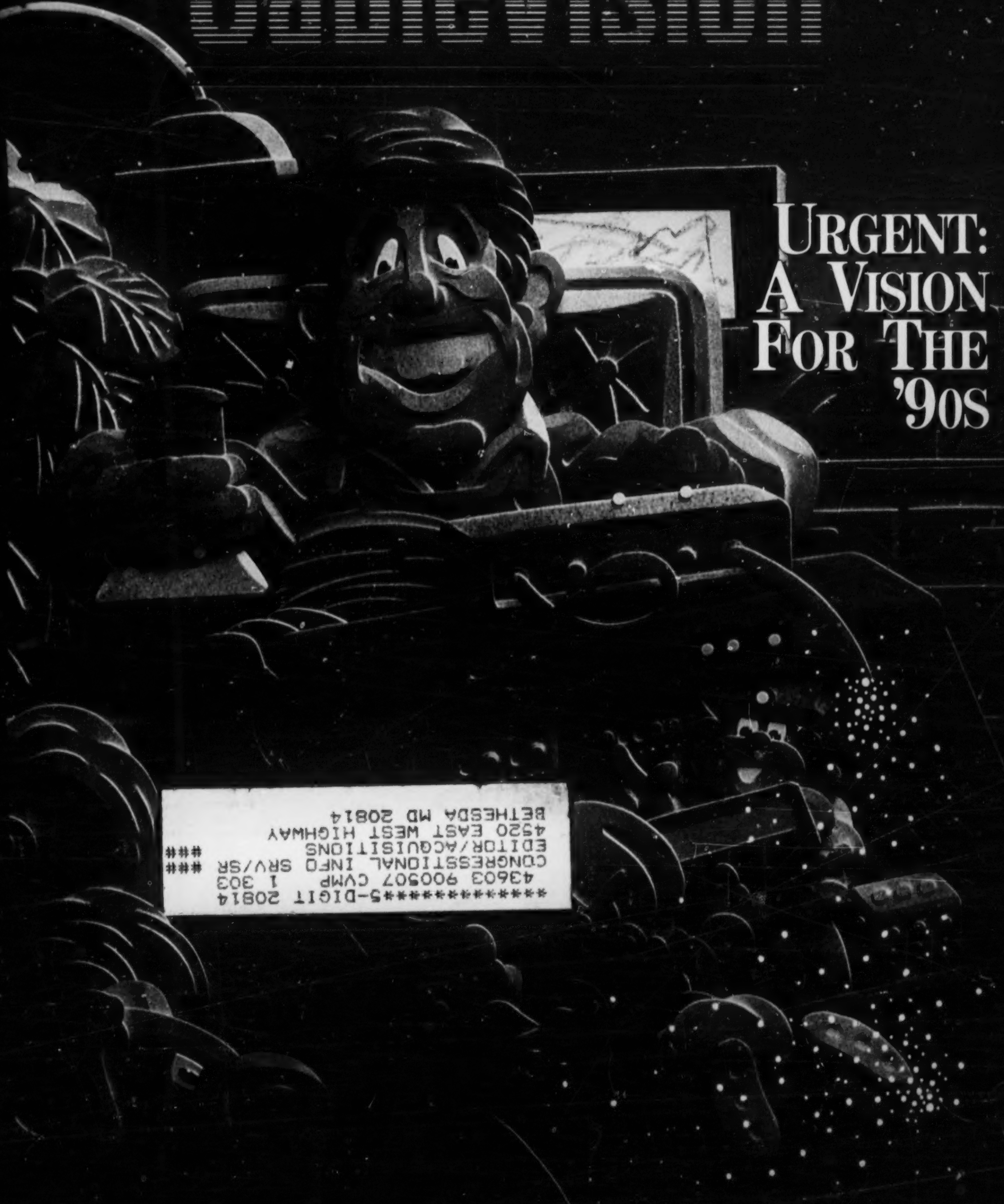

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Cable

INFORMATION AND ANALYSIS FOR CABLE TELE

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The NAB infuriates cable leaders by endorsing cable reregulation and by demanding steep payments for carriage of local signals

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HA! steams ahead
Although rumors of some sort of merge continue swirling, MTV's HA! signs 10 off-net sitcoms and plunges ahead toward an April launch

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Bob Clasen will be heading to Europe to spearhead Comcast's renewed efforts to crack the overseas market

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Ted Turner offers a cool half-million, and maybe a movie contract,to any writer who pens a novel outlining ways to ensure survival of the planet. (See p.14)

HANDBOOK

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WGRC awaits its ratings fate
That it is 29 percent ahead of plan in advertising revenue bodes well for WGRC, the LO-turned-indie channel at ATC's Rochester system. But whether the concept will in fact be replicated elsewhere hinges on viewership, and that answer will come soon with the release of Nielsen and Arbitron reports

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WGRC TV

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Shining a light for literacy
TeleScripps Cable in Rome, Ga., is reaching out to the thousands of adults in its area who cannot read by embarking on a literacy campaign that is being applauded by many community organizations

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Mile Hi builds a new home
A commitment to strengthening the heart of Denver is behind Mile Hi's decision to build a new headquarters there

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Vision

MANAGEMENT DECEMBER 18, 1989

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A vision for the '90s
George Bush isn't alone in having trouble with 'the vision thing.' The cable business is great now, but the challenges of a new decade may demand fresh approaches

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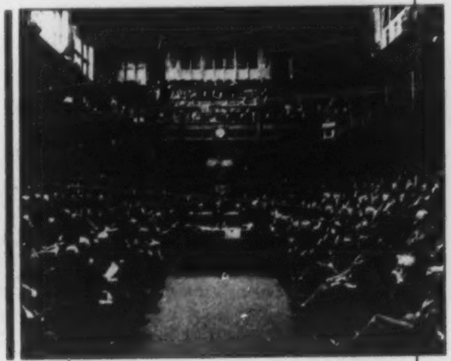
Innocents abroad
A book of etiquette may be an executive's best friend as the industry plots the international expansion key to cable's '90s agenda



Although televising Parliament signifies a new era in the U.K., 'you couldn't get people to work (in London) for just a two-week holiday, says Amanda Seward, TBS attorney (see p. 94)

QUARTERLY EARNINGS CHART

Dollar amount in thousands

Company (Quarter/Fiscal Year)	Revenues	%Change	Operating Profit	%Change	Net Income	%Change
Phoenix American (3rd/89)	$ 9,346	29.2	$ N.A.	N.A.	$ 1,734	- 8.6
Scientific-Atlanta (3rd/89)	145,090	13.8	12,804	17.8	8,835	23.8
UA Entertainment (3rd/89)	366,300	N.A.	106,600	N.A.	-21,400	N.A.

- **Cable Computerized Management Systems** concluded its marketing agreement with **Channelmatic**, covering several cable advertising traffic and billing software products. Channelmatic had retained exclusive distributorship of the CCMS line the past few years, selling the software in conjunction with insertion gear. Also, **Alpha Technologies** will allow **Brad PTS** to provide operators with out-of-warranty repair services on company-produced standby power supplies. On its own, Brad will carry impulse pay-per-view devices developed by **Keptel Armiger.** Known as AA-103A-4CATV, the product eliminates the need for wiring equipment in coupling implusе PPV converters to phone lines.

- **Sports Media Sales,** a division of **Cable Media Inc.**, will represent **Mizlou Sports News Network** on Midwest regional advertising sales. Cable Media, which is based in Chicago, serves a similar function for other national basic channels. Mizlou is scheduled to debut its network Feb. 1.

- **Republic Pictures** has sold two first-run travel series that will debut on **The Discovery Channel** early next year. Both programs feature nationally syndicated columnist Laura McKenzie on assignment worldwide. Discovery will get 35 hours of *Travel Tips* and 33 *Round Trip* half-hours, produced by Associated Television International. This is the first original programming

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The CABLE POLL DATABASE

™Midwest CATV & CableVision Magazine

Half of all operators surveyed say they have capacity to load three extra channels

It is widely assumed in the cable business that most systems today are fully loaded and simply do not have available capacity to squeeze in any more programming services. According to this conventional wisdom, which frequently is cited in the debate over the prospects of the two comedy channels and other new services hoping to gain carriage, fallow channels are an endangered species that will be saved from extinction only by the spate of rebuilds now underway.

But statistics from the Cable Poll™, in what is believed to be the first thorough documentation of unused capacity, reveal that there probably are many more fallow channels out there than assumed. Interviewed by Cable Poll™ researchers, 51 percent of the nearly 400 operators surveyed said their systems have available capacity to add three or more new services. Eleven percent of operators said they were capable of adding two new channels and 22 percent said they had room for one new service. The poll has a margin of error of plus or minus five percent. An extrapolation of the figures, based on the midpoints of the responses, indicates that the typical cable system has available capacity to add 1.95 channels.

Number

7

in a series of ten

Several MSO and program network executives who were asked to comment on the data, however, said it would be wrong to conclude from the statistics that all or most of those dark channels in fact are usable. Much of this capacity could be tied up in dedicated but unused LO or PEG channels; others could become usable only after a converter retrofit or upgrade, while still others may have been committed by MSO headquarters to the slow rollout of a new service.

On the other hand, a close scrutiny of the statistics indicates that available capacity may be greater than assumed because the pace of the industry's rebuilds may be further along than is assumed. That conclusion is prompted by a breakdown of the data on available capacity according to a system's number of subscribers and size of MSO ownership. While 41 percent of systems owned by top 25 MSOs said they had three or more available channels, 70 percent of those owned by MSOs outside the top 100 said they had that much excess capacity. And at individual systems, the number saying they had three or more channels available runs in inverse proportion to number of subscribers served. These older, "classic" segments of the industry are believed to have begun rebuilding and expanding channel capacities before their urban counterparts.

Even granting those caveats, the executives still expressed surprise at the statistics on available capacity. "That's just amazing to me," said TKR President Paul Freas in a comment typical of many. But he and other MSO chiefs, while conceding that their systems could accommodate a few more channels if necessary, said that's a big "if," given the continuing escalation of programming costs. In an operational sense, the executives said, channel capacity is of less meaning as a critical yardstick than financial capacity, and on that count many said their programming budgets are fully loaded.

"The problem we have is that without adding anything, our programming rates will go up about 12 to 15 percent just from built-in increases" as rate increases agreed to in earlier years begin to kick in, said the CEO of a top 10 MSO who asked not to be identified because he was disclosing budgetary information. "If you have put TNT on, as we did, you will get a 15 percent increase in the out years. And for many of the other, older services, if you have longer-term contracts, you have built-in increases in many cases," this CEO added. "So when I look across my systems, what I see is costs increasing 13 percent on average with no increase in programming. You then add on top of that that many of us have committed to the Goodwill Games, and you're over 15 percent for the year before you add any new services."

Given that most systems are carefully husbanding their available channels for budgetary reasons, the programmers which do stand a good chance of grabbing one of these unused channels are those which now split a channel, said Nick Davatzes, president of Arts & Entertainment Network. "I would think it makes perfect logic (to give a dark channel to a service now carried part-time)," Davatzes said, pointing to three factors. "One, you have a longstanding business commitment to do that; second, it is cost-effective because you already are paying for the service; and third, you can pick up on the ability to serve the consumer the way it (the channel) was designed."

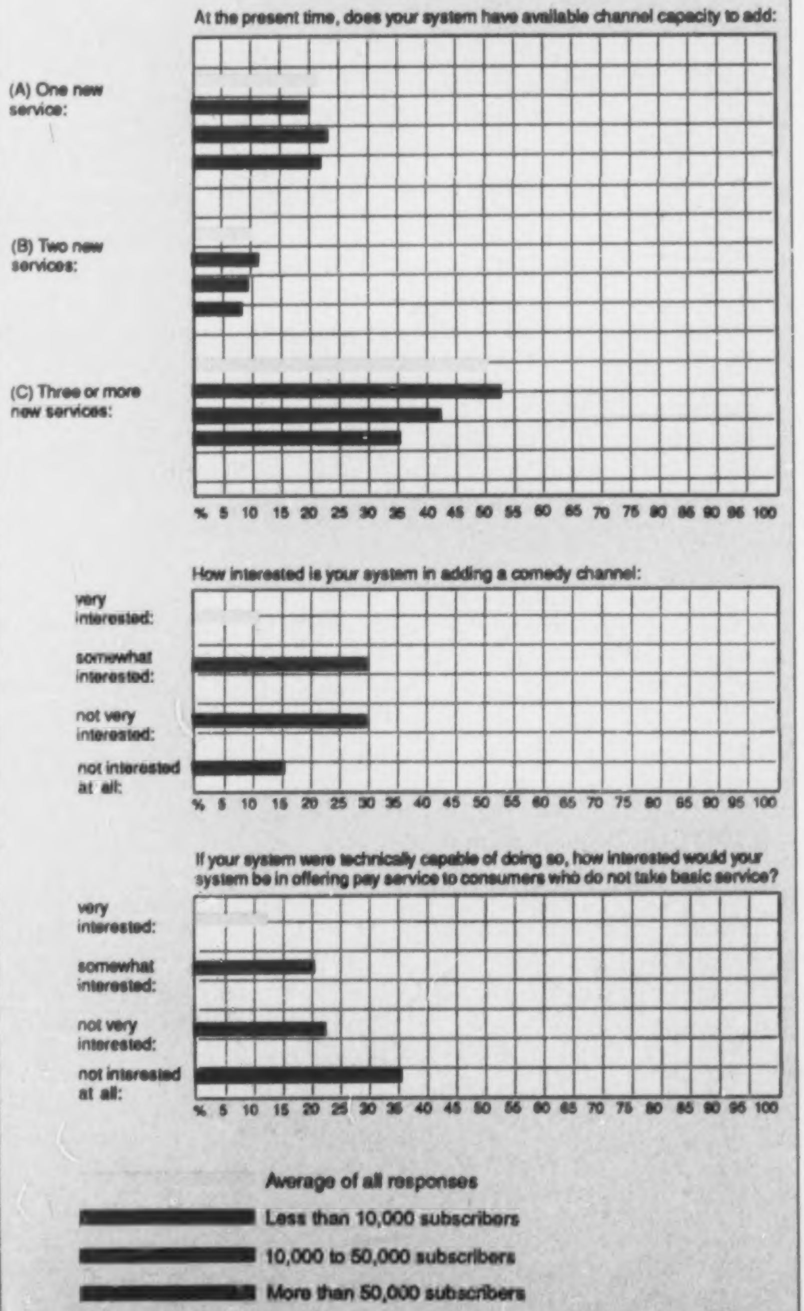
Davatzes said that A&E now shares a channel on systems reaching four million subscribers. Over the next year A&E believes that number will be reduced by one million as the service gains full-time carriage on a number of systems.

Also contending for those precious spots on the dial are The Comedy Channel, the HBO service which launched last month to a universe of roughly four million, and HA!, which plans an April launch. As part of the survey on available capacity, operators were asked how interested they are in adding a comedy channel, and the results show that the industry is about evenly divided on the topic.

Overall, 12 percent of operators said they were very interested in comedy, counterbalanced by the 16 percent who said they were not interested at all. The bulk of the industry falls in the middle, evenly split at 30 percent each among those who are somewhat interested and not very interested. Interestingly, that breakdown remains fairly constant among operators of small, medium or large systems or whether the system is owned by a small, medium or large MSO.

The survey also attempted to gauge operator interest in the concept of offering pay service to customers who do not take basic. Surprisingly, about a third of all operators surveyed said they were very or somewhat interested in marketing pay separately from basic. The positive responses are noticeably greater at smaller systems and those owned by smaller MSOs, segments of the industry which tend to have high penetrations and where additional subscriber revenue often is dependent on increased pay ratios. Driving home that point, operators of systems with more than 50,000 subscribers, which tend to be the newer, urban systems where increased basic penetration is a priority, expressed zero interest in marketing pay separately. ■

Adding Up Your Answers:



HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

DATABASE

Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	387	9,000,000
Alternate View Network	300	4,500,000
Arts & Entertainment Network (A&E)	4,300	41,000,000
Black Entertainment Television	1,800	24,218,000
CNBC	750	13,000,000
Cable News Network	12,177	52,600,000
Cable Value Network	1,800	23,300,000
C-SPAN	3,341	46,600,000
C-SPAN II	649	18,106,660
The Comedy Channel (new)	N.A.	4,500,000
Country Music Television	1,092	9,124,974
The Discovery Channel	5,324	44,090,000
Eco/Galavision	300	1,000,000
ESPN	20,500*	53,400,000
Eternal Word Television Network	580	13,300,000
The Family Channel	8,424	47,000,000
Family Guide Network	60	4,500,000
FamilyNet	388	3,500,000
The Fashion Channel	650	10,100,000
Financial News Network	3,500	31,219,000
FNN/Score	1,600	20,000,000
Headline News	4,443	39,400,000
Home Shopping Network	1,488	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	920	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	119	5,100,000
KTVT	417	3,600,000
The Learning Channel	1,150	18,000,000
Lifetime	3,800	44,177,000
Mind Extension University	156	4,900,000
MTV	5,405	47,137,000
Movietime	447	13,000,000
The Nashville Network	8,318	45,923,000
National College Television	380	6,569,228
Nick At Nite	3,440	39,600,000
Nickelodeon	6,600	47,183,000
The Nostalgia Channel	414	6,000,000
Prevue Guide	400	12,000,000
QVC Network	1,000	14,100,000
RFD TV	30	2,182,190
Silent Network	189	13,600,000
SportsChannel America**	N.A.	1,500,000
TBS Superstation	13,013	51,000,000
Telemundo***	5	100,000
TNT	3,896	33,400,000
The Travel Channel	659	11,000,000
Trinity Broadcasting Network	725	9,100,000
Univision***	500	509,500
USA Network	10,100	48,427,000
VH-1	2,530	32,390,000
Vision Interfaith Satellite Network	315	6,200,000
The Weather Channel	3,700	39,200,000
WGN-TV	11,415	24,900,000
WWOR-TV	2,600	12,500,000
WPIX-TV	858	9,678,474
WSBK-TV	57	350,808
Bonus/basic services		
American Movie Classics	1,700	20,000,000
Bravo	375	3,000,000
Pay services		
Cinemax	3,650	6,600,000
The Disney Channel	5,700	4,337,300
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	2,700,000
Showtime	6,000	6,600,000
Audio services		
AEI Lifestyle	142	2,578,838
AEI StarTracks Vocal Hits	26	854,390
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galactic Radio	165	4,300,000
KKGO Super Jazz	18	133,639
Moody Bible Institute	63	1,058,368
Satellite Radio Network	237	483,000
Tempo Sound	125	1,250,000
WFMT Chicago	170	1,259,804
Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	300,000
Genesis Storytime	39	1,550,000
NuStar	351	10,097,742
Reuters NewsView	127	2,437,000
Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000

Non satellite-fed national services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000
Pay services		
Nippon Golden Network	5	13,600

Interactive services

Basic services	Affiliates	Subscribers
Video Jukebox Network	40	4,000,000

Regional services

Basic services	Affiliates	Subscribers
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	7	180,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,200,000
Life Newsvision	35	50,000
Madison Square Garden Network	168	3,400,000
Meadows Racing Network	14	600,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pennarama	28	750,000
Prime Cable	9	381,938
Prime Sports Network	11	300,000
Prime Ticket	115	3,500,000
SportsChannel (Chicago)	50	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,310,000
Pay services		
Home Sports Entertainment	250	1,000,000
Home Team Sports	125	1,200,000
New England Sports Network	171	317,201
Prism	87	427,000
Pro-Am Sports	173	523,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,028,431
SportsChannel (New York)	100	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 345 Park Avenue South, 9th Floor, New York, NY 10010.

N/A denotes information not available.

***Includes MMDS and SMATV systems**

****Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services.**

*****Spanish-speaking households.**

Announced services

Satellite-fed services	Expected launch
American Western Network	1st Quarter 1990
The Asia Network	1st Quarter 1990
Cable Shopping Mall (QVC/CVN II)	2/90
Career Channel Network	1990
CD/16: The Digital Music Network	4th Quarter 1989
Cowboy TV Network	3/90
Digital Cable Radio	12/89
Digital Radio Channel	12/89
The Gaming Network	9/90
The Global Channel	1st Quarter 1990
Global Village Network	3rd Quarter 1990
HA! TV Comedy Network (MTV)	4/90
The How-To Channel	2nd Quarter 1990
Maximum Entertainment Network	1990
Mizlou Sports News Network	2/90
Music Image Channel	1990
The Sci-Fi Channel	4th Quarter 1990
Talk Television	1990

Non satellite-fed services	Expected launch
ACTV	1st Quarter 1990
Main Street	1990
On Demand/UTV TV Network	1990

Cable Network Ad Performance

Sept. 1989 billings	Sept. 1988 billings	Year-to-year dollar change	Year-to-year percent change
$82,845,772	$64,704,202	$18,141,157	21.8%

3rd quarter 1989 billings	3rd quarter 1988 billings	Year-to-year dollar change	Year-to-year percent change
$223,751,852	$186,546,546	$37,185,306	16.6%

Top 10 cable net sponsors/Sept. 1989

1.	Procter & Gamble	$3,687,214
2.	Anheuser-Busch	2,630,602
3.	Time Warner	2,197,915
4.	General Mills	2,088,254
5.	Sears	1,410,079
6.	RJR Nabisco/KKR	$1,371,007
7.	Mars Inc.	1,339,226
8.	General Motors	1,209,025
9.	Dow Chemical	1,201,479
10.	American Home Products	1,128,088

Top 10 cable net sponsors/3rd Quarter 1989

1.	Procter & Gamble	$8,374,365
2.	Time Warner	8,097,898
3.	Anheuser-Busch	7,894,227
4.	General Mills	5,389,822
5.	RJR Nabisco/KKR	5,217,423
6.	Mars Inc.	$3,888,129
7.	General Motors	3,685,571
8.	Philip Morris	3,640,024
9.	Sears	3,390,702
10.	American Home Products	3,365,324

Source: Broadcast Advertising Reports data; figures represent combined billings of CNN, ESPN, Family Channel, MTV, USA and TBS Superstation

	3rd Qtr. 1989 billings	3rd Qtr. 1988 billings	Year-to-year dollar change	Year-to-year percent change
CNN	$26,586,266	$24,765,695	$ 1,820,571	6.8%
ESPN	46,978,549	34,746,816	12,231,733	26.0%
FAMILY	24,851,033	17,675,984	7,175,049	28.8%
MTV	28,600,767	27,167,811	1,432,956	5.0%
TBS	54,892,748	52,142,880	2,749,868	5.0%
USA	43,842,489	30,047,360	13,795,129	31.4%

Source: Broadcast Advertising Reports data

Subscriber Universe Estimates

	Total TV households	Cable TV households	Homes passed	Cable percent of TV households
A.C. Nielsen	92,100,000	52,589,100	N.A.	57.1%
Arbitron	90,000,000	49,039,500	N.A.	54.5%
Paul Kagan Associates	89,000,000	45,900,000	76,900,000	51.1%

Subscriber numbers as of Nov. 1989
Nielsen figures include Alaska & Hawaii

CableVis

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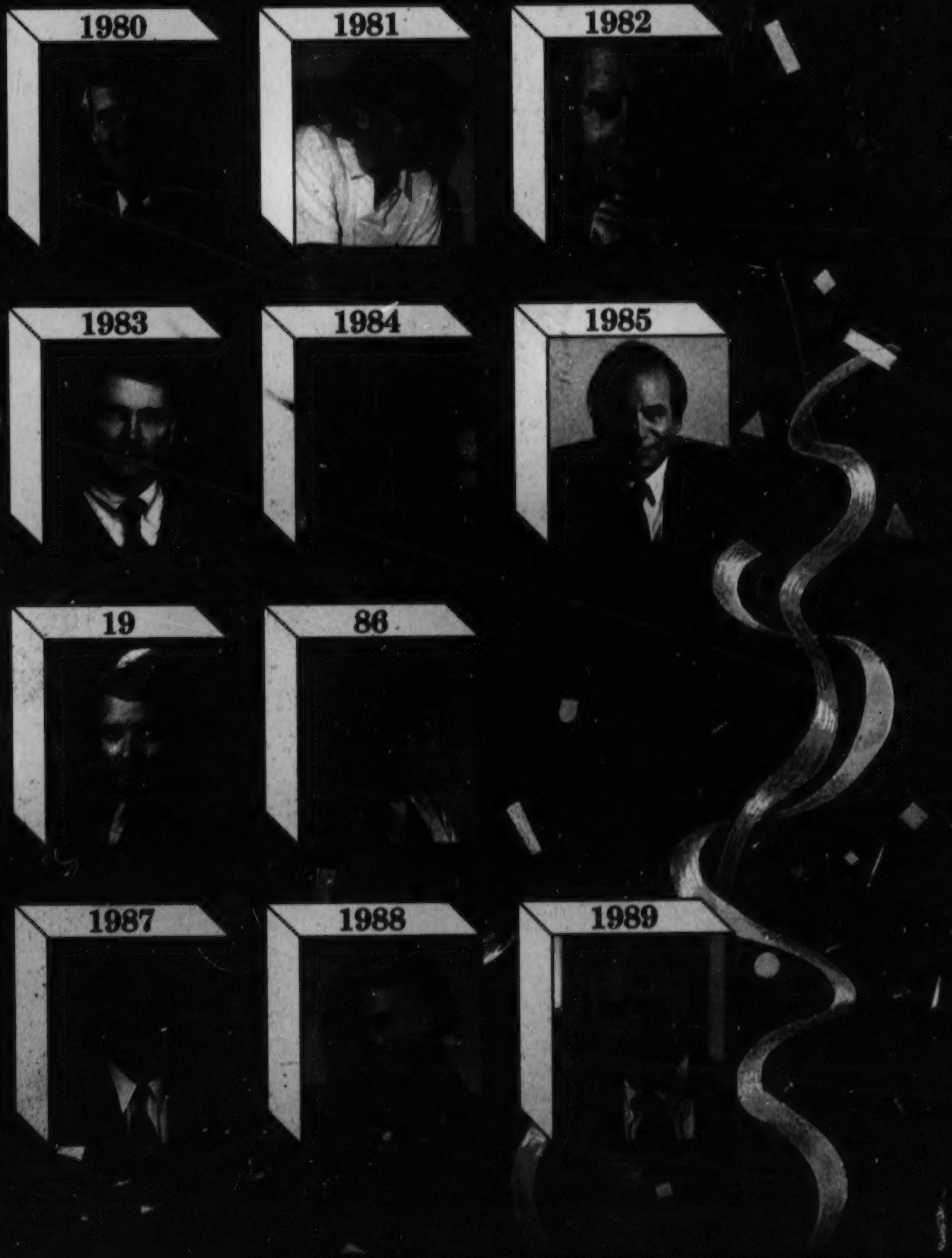
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CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT JANUARY 1, 1990

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ABP BPA

THE CLASS OF THE '80s

Those who made their mark on the decade

◆◆◆◆◆◆

TED TURNER

1980

Chicken Noodle News. Cable's newest nonsense. The service bound to slip and drag the industry with it. That was how most media executives, and more than a few operators, greeted Cable News Network prior to its June 1, 1980, launch. What's more, the man behind CNN and the rest of Turner Broadcasting was, just one summer earlier, the person least likely to put $50 million into round-the-clock TV journalism.

When the subject of news was brought to TBS Chairman Ted Turner in those days, he had few positive comments. Indeed, whatever news would appear on superstation WTBS surfaced in the wee morning hours, sometimes delivered by an anchorperson reading stories under a paper bag. But for reasons still unclear, Turner became a convert. And CNN, one of the first specialized basic channels to emerge this decade, finishes the '80s as an institution which in many respects has surpassed its broadcast news brethren.

"To characterize the launch of CNN as anything less than the most heralded event in cable TV history would be an understatement," wrote Barbara Ruger, then *CableVision*'s New York bureau chief, after the fact. But technical flaws and all its other warts aside, CNN slowly developed into a dependable source for news which managed to captivate viewers by allowing them to catch history in the making, live and often ahead of broadcasters. Whether it was the Challenger space shuttle explosion in 1986, the Iran-Contra hearings two years later, the democracy movement in Eastern Europe this fall or the U.S. attack on Panama this month, breaking into coverage for coverage became routine.

Bringing in affiliates and advertisers turned out to be a bigger struggle for Turner than first anticipated. Despite general acclaim, CNN premiered with about 1.7 million households, more than a million homes below initial expectations. While Bristol-Myers liked the format's medical reports enough to spend $25 million for a decade-long sponsorship, and 16 other companies followed along, other advertisers waited for the service to prove itself through ratings. However, Turner promised not to cut his support for the network in the face of continued operating losses and quickly gained the trust of many key MSOs.

Satellite News Channels' entrance in 1982 could have been Turner's own Waterloo. With considerable financial and news resources supplied by ABC and Group W Satellite Communications, SNC promised to throw a broadside at CNN's growth. Turner responded with a preemptive strike, launching Headline News six months before SNC could launch its first of two planned services, complementing CNN's in-depth coverage with half-hour updates. More than a year later, the action would pay off when Turner bought SNC for $25 million and converted its affiliates to CNN and Headline. "We may not have won the World Series, but we won the all-news war—a consolation prize," he told *CableVision* then. "We're still losing considerable money now. It's going to be awhile before it all shakes out (but) it's definitely going to be better."

CNN turned a profit in 1985 and hasn't looked back since.

— Simon Applebaum

BOB PITTMAN

1981

Once upon a time—January 1981—Warner Amex Satellite Entertainment Co. didn't want its MTV.

Had Bob Pittman not made one last push before top Warner Amex brass that month for his concept of a 24-hour basic video music service with "attitude," one of the most influential forces in cable this decade, not to mention much of the civilized world, would never have materialized.

Building a successful reputation as a research-driven radio station programmer, Pittman joined Warner

Amex's executive team in 1980, certain that the time to bring music and artistic video together was right. "Had we done MTV in 1968, we would have bombed because the audience wasn't ready,"he reflects.

"But during my radio experiences, studies convinced me that we had a generation growing up on rock and TV that responded to a different, faster way of receiving information. The video music network idea was batted around for a while; the problem was that nobody came up with a format where the videos were set within an emotional identity that would keep viewers interested."

Although Pittman earlier executed a prototype in *Album Tracks*, running on the NBC-owned stations after *Saturday Night Live*, Warner Amex's board found MTV hard to swallow and vetoed the idea before Christmas 1980. Not giving up, he arranged a meeting for the following month with the company's co-chairmen at the time, James Robinson from American Express and Steve Ross at Warner Communications. Stressing potential consequences more than the actual content, Pittman won support from Robinson and Ross, and started building the team that would premiere MTV that August 1 with the immortal Buggles song, *Video Killed The Radio Star*.

Pittman attributes the board's attitude of uncertainty to how well specialized basic services would be received among operators, given the early struggles of CNN and ESPN. "Steve wanted to do music on cable back in the QUBE days and both men like risk-taking,"he says. "We earned their ear when we presented this as the next TV dimension, similar to what FM achieved in radio." Anything short of a definite commitment would have short-circuited the emerging video clip business. "If we didn't get on, many record companies were prepared to cut off their video production budgets," Pittman believes.

Recording MTV's impact on society-at-large is a formidable chore. The accomplishments include helping Madonna, Cyndi Lauper, U2 and others become superstars while Michael Jackson earned mega status; inspiring NBC to make *Miami Vice* and forcing advertisers and entertainment producers to radicalize their creative strategy towards the 12-to-34 age consumer. Within cable's sphere, the channel has left a pair of legacies in Pittman's mind: achieving a target audience's devotion, and respect from the production community.

Following an unsuccessful management buyout of MTV (Viacom was the ultimate winner), he exited MTV in 1987 to establish Quantum Media, a joint venture with MCA, which hit success with *The Morton Downey Jr. Show* and *Totally Hidden Video*.

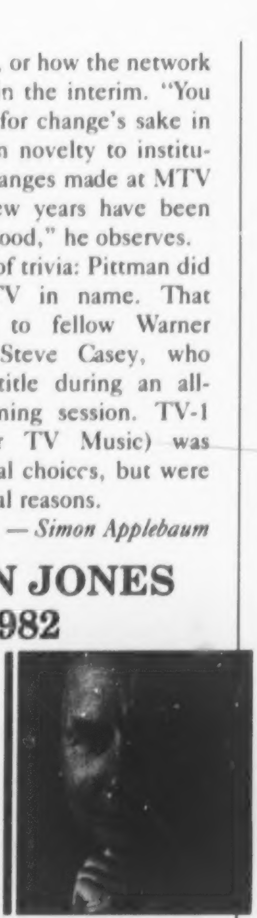
Another cable channel might be in Pittman's future. Once the final Time Warner integration occurs, he will take a new media development role there.

Pittman has no regrets about his MTV departure, or how the network has progressed in the interim. "You have to change for change's sake in order to go from novelty to institution, and the changes made at MTV over the last few years have been extraordinarily good," he observes.

One final bit of trivia: Pittman did not create MTV in name. That honor belongs to fellow Warner Amex official Steve Casey, who suggested the title during an all-night brainstorming session. TV-1 and TVM (for TV Music) was Pittman's original choices, but were unusable for legal reasons.

— Simon Applebaum

GLENN JONES
1982



Before 1982, cable limited partnerships, according to Glenn Jones, were "un-American." But patriotism came quickly to Jones' many doubters that year when his company began raising serious dollars in public partnerships, a segment of the cable industry dominated by Jones in the '80s.

By "avoiding things a lot of brokerages wanted us to do" and "paying attention to the integrity of the product" says Jones, the cable maverick had proven the worth of public partnerships and established Jones Intercable as the founding company in the field at a time when financing was hard to come by. "I knew when I filed my first security that it would work. I saw the cable business as almost a genie in a bottle," he recalls.

Jones adds, "I had to figure a way to be a chess player in a $10 billion industry with $400." That $400 Jones started with has compounded nicely—he expects to raise $170 million in equity in 1989 and $250 million in '90. His company will have done more partnerships the past three years than in the previous seven. Says Jones, "People over time pay attention to performance."

Yet for all the success of his partnerships, it is but a means to an end—Mind Extension University. "Cable television is the largest university in the world and MEU is the gateway to the 21st Century. This is why I got into the cable business," Jones explains.

His Mind Extension University lost about $4 million last year, and will probably lose that much in 1990. But Jones says long term it will be profitable. "It's the realization of a dream."

— Craig Kuhl

JOHN MALONE

1983

If cable television were pop culture, it's reigning icon would be John Malone.

The growth of his Tele-Communications Inc. through the '80s has elevated Malone to a position of not only leadership, but supremacy in the industry. Under his direction, TCI's asset base has grown by more than 65 percent annually, enough to start a top-50 MSO each year. Malone's spree began in 1983 when, in the space of a year, he bought Liberty Communications, Telemedia and CableScope, paying a collective $368 million for 610,000 subscribers.

Malone remains an anonymous figure to even those consumers sophisticated enough to identify broadcast network owners. It's probably true that Ted Turner is the emblem of cable television to the American public. It's equally true that without Malone, and the MSO-bailout of TBS he orchestrated, there'd no longer be a Ted Turner in cable television.

However, Malone's been profiled in business publications from *Barron's* to *Fortune.* A *Business Week* cover story dubbed Malone "Darth Vader," because of his legendary acumen at the negotiating table. By his own concession, he doesn't often pay retail.

There seems no limit to his aegis. Current reports say Malone will dictate who buys the MGM studio, and if he hews to his determination to stay out of programming production, it won't be TCI. He's said to be arbitrating the settlement of Viacom's suit against Time, and will determine the fate of the companies' dueling comedy channels.

Malone hasn't built a piece of hardware since he left General Instrument, yet TCI's leadership in the development of advanced television technologies will do to video electronics what the CD has done to audio electronics, and help to restore the U.S. to a leadership role in high technology.

If none of this comes to pass, it's not likely to reflect poorly on Malone. He's a teflon man in a teflon age. If all of it does, he'll be recorded as a phenomenon in the sociology of mass communications.

By the end of the '90s, he may even be a pop culture icon.

— Robert O'Brien

ED ALLEN

1984

For months he had been preaching in the wilderness, diligently flying around the country, working the trade show panel circuit and huddling behind the scenes with a succession of MSO chiefs. But it was not until just before Christmas 1984 that Ed Allen, then head of Western Communications, knew he could deliver on the mandate that had fallen on his shoulders: Use his good offices as chairman of the board of the National Cable Television Association to marshal a contentious industry behind a common legislative goal. In many respects, his reputation for credibility and fairness, built during three decades in the industry, was on the line.

"Jim Mooney was the general. He did all the strategy" for what was to become the Cable Communications Policy Act, Allen recalls now. "My function was to create a consensus out of a badly splintered board. And even though I had talked, cajoled and debated with lots of people for months, it wasn't until that special NCTA board meeting at the Madison Hotel in Washington, about two weeks before Christmas, when I asked for a show of hands, that I knew we were there."

Using an oversize Zippo lighter to rap on the podium to bring the historic meeting to order (he was smoking two packs a day of Winstons then, and didn't manage to quit until the end of his second term as NCTA chairman in mid-'86), Allen asked NCTA President Mooney to go over the outlines of the legislative package that then was known as S. 66.

Then it was time for the showdown vote. As Allen looked around the long table where the board members sat, he knew that they fell into three camps. Several were satisfied with the regulatory status quo. They had good relations with their cities and felt it was unwise to rock the boat. A second group felt some regulatory relief was needed, but believed all of it was achievable through FCC rulemakings. The third camp, in which he secretly numbered himself, felt strongly that the future success of the business depended entirely on federal preemption and deregulation, a total break with the past to forge a new kind of industry alien to himself and the rest of these CEOs. He wondered, in the moments before he would ask them to vote, if they could see a vision of that new day in his eyes.

"All in favor." Allen knew which votes he could count on, so he didn't focus on them. His gaze shifted to the shaky votes. Would his coalition hold? Had someone gotten to them outside the meeting and "turned" them toward a different view of the industry's tomorrow?

One by one the hands went up until the air was filled with arms. All but two of the 36 board members (Chuck Dolan and Leonard Tow) voted to accept and support the legislation. Allen flicked his Zippo to light a cigarette and hoped no one would notice his hands were shaking.

Two weeks later, President Reagan signed the Cable Act, and the rest is political and social history.

— Steve Tuttle

MICHAEL FUCHS
1985

Home Box Office has established its reputation in original television programming, but that wasn't always part of its image.

Michael J. Fuchs played a crucial role in changing the picture at HBO from the time he arrived in 1976 as head of original and sports programming. "When I came to HBO I sold them on the idea of doing original programming," Fuchs recalls.

Gradually the momentum to put up original productions grew through comedy specials and other vehicles. And by the time Fuchs was named to his present position as chairman and CEO in late 1984, HBO had aired its first original movie, *The Terry Fox Story*, and HBO was clearly on a roll.

"In drama, we wanted to do subjects people wouldn't go near," Fuchs says. "We got into that category of programming because people are looking for heroes," he adds.

HBO has produced more than 40 original feature films since '83. And by 1985, HBO was winning critical recognition for its productions and increasing the frequency of its original movies.

Sakharov, presented in 1984, took four ACE awards in 1985, a year in which HBO produced and presented several more memorable original films. Those included *The Park Is Mine* with Tommy Lee Jones, *Reunion At Fairbrough* with Robert Mitchum and Deborah Kerr and Robert Preston and Mary Tyler Moore in *Finnegan Begin Again*, winner of the Silver Leopard's Eye Trophy at the Locarno International Film Festival. *Murrow*, which aired in early 1986, won three ACE awards.

E. Thayer Bigelow, president of HBO, credits Fuchs with setting the course for HBO in the original production arena. "Michael really pioneered the original programming," Bigelow says.

From the outset of its original efforts, HBO set high standards for itself. "We wanted to do all the big, ambitious stuff," Fuchs says. He still keeps files from projects on the drawing board in those early days, many of which HBO ultimately produced. "We've pretty much stuck to the programming we wanted to do from the very beginning," Fuchs observes.

In fact, Fuchs sees a continuity in the type of original programming HBO has sought to produce since 1976. And he credits the continuity of senior programming executives such as Seth Abraham, Bridget Potter and Robert Cooper for HBO's consistency in original productions over the years.

Fuchs points out that HBO was the first U.S. television producer to get heavily involved in international co-productions, largely for the economy they offered. And he takes particular pride that HBO's feature films and documentaries, including *Dear America*, have played well in Europe.

That's just another testament to the quality of HBO productions over the last several years. "If people are paying for it, we think we should do it better than anybody, but also different than anybody else."

— Richard Tedesco

JIM CHIDDIX/ DAVE PANGRAC

1986

Jim Chiddix

Dave Pangrac

Landmark events don't always come to light in a blinding flash.

Amid the headline-grabbing developments of late 1986, an idea relayed by an engineer at Oceanic Cablevision in Honolulu, intriguing as it was, held little hope of producing what has arguably become the most important technological development in cable television in the past decade. After all, fiber optics was a technology for telephone companies and, as any optronics engineer worth his salt would tell you, lasers weren't meant to pump amplitude-modulated signals. Any thought that one could get anything like the multiple-video signal output of a CATV headend into an AM modulated lightwave link was a sign of pure naivete.

But if, in an "oh,-by-the-way" aside in late '86, Oceanic Vice President of Engineering James Chiddix publicly was underplaying a concept conceived by his fellow ATC engineers in Kansas City that year, he was anything but blase about the possibilities of fiber optics in discussions in-house and with other industry leaders. As soon became apparent, Chiddix, now senior vice president for engineering at ATC, was building enthusiasm among fellow engineers for the Quixotic mission of scouring the globe for a laser diode that might overcome the daunting barriers to multiple channel AM video propagation over fiber.

When Dave Pangrac, then chief engineer at ATC's Kansas City system, got the inevitable followup inquiry about this idea of a "fiber backbone," his response did little to encourage a news-hungry reporter. "We have so many outages caused by lightning here," he commented, "it's gotten to be a real headache. Don Gall (now chief engi-

continued on page 27

Bucking a Trend!

TBN RAISES $30 MILLION IN ONE WEEK!

"Bucking a trend"—that's what the *Los Angeles Times* said in a front page article on Nov. 13 reporting that TBN had a record telethon, even though *"a recent Gallup Poll reported that 79% of Americans do not trust TV evangelists with their money."*

Actually, we're not surprised at all. In spite of all the bad press about TV evangelists, our supporters know something that many cable operators have also found out... *TBN has financial integrity.* Our supporters continue to trust us with their money, and TBN cable affiliates can count on receiving their quarterly cash incentive payments.

TBN has a long, proven track record of reliability and financial integrity in the cable industry. We've been with cable since the beginning of satellite distribution, we're continuing to grow in cable affiliates today, and we've made a commitment to the future .

TBN JOINS GALAXY V... THE CABLE BIRD FOR THE 90's!

TBN President Paul Crouch (2nd from left) with Hughes' representatives (L-R) Bob Del Deo, Jim Ramo, and Jerry Farrell.

TBN is proud to be a part of the prestigious line-up on Galaxy V. By signing with Hughes Communications, we're saying to the cable industry, *"We're one of the best...we're here to stay!"*

You don't have to wait for the launch of Galaxy V. You can become a TBN affiliate today. For more information on our cash incentives, contact a representative at our National Cable Sales Center at (303) 650-5515, or write to TBN,
9020 Yates Street, Westminster, CO. 80030.

TBN
Cable
Network

TIMELINE: BOMBS

For every success the cable industry enjoyed during the decade, there were at least two ideas that bombed. From CBS Cable to TV Cable Week, *these notable failures now are the stuff of legend. A few are recounted here:*

3/80: BBC In America, three-hour primetime Time-Life Satellite Network basic service, doesn't get off as planned.

7/80: Warner Amex considers game show and shopping channels, nixes both ideas. *Columbus Dispatch* and CompuServe experiments with electronic newspaper service in Columbus, Ohio, flunk.

9/80: Cinemerica Satellite Network for over-45 crowd, and Las Vegas Entertainment Network for the glitter brigade don't premiere as advertised because of financial problems.

10/80: Tocom says it will mass-market 55 PLUS equipment, capable of handling 55 video channels and 55 teletext channels…fails.

12/80: Comp-U-Card tries to create home shopping channel, fails. Gannett forms division to create cable programming services, nothing happens.

1/81: TBS files for 25 low-power TV stations, but disbands idea.

3/81: Satellite Program Network contracts for Network For Working Women soap opera block, but no-go on ad agency project.

4/81: United Press International drops Newstime slow-scan video service that mixes alphanumeric text and photos. Times Mirror and Comp-U-Card launch The Shopping Channel video shopping service test for 150,000 homes; it folds 4/82.

5/81: Cable Coupon Network introduced to insert coupons with billing statements…venture folds following year due to financial jam.

6/81: UTV Cable Network formed, shoots for 1/83 launch and never makes it. Several erotic pay networks get going, including Eros and Private Screenings, last a year or more but eventually tumble when affiliates balk on carriage and fears of local outcry. Oak Industries forms STV programming division…business takes a hike when STV industry sours in mid-80s.

7/81: Cable Newspaper Co. tries to launch magazine-format basic information network by 4/82…and can't.

10/81: ABC/Getty Oil team for national pay sports service, RSVP Sports; monthly PPV event plan surfaces, but doesn't work. HomeGuard of America markets 24-hour "Security Channel" but gets few takers.

2/82: Channeltainment floats Sitcom I, an all-sitcom service…no launch after a year in the hopper. CENTS becomes another comedy effort ahead of its time, proposed by young Minneapolis businessman Ivan Bonk.

5/82: ABC and Cox enter joint venture covering PPV, videotex, Indax and other high-tech services…quietly disbands by fall.

8/82: Don King Sports & Entertainment Network debuts…is short-lived.

11/82: Apollo Entertainment Network, proposed ad-supported network coming from New York's Apollo Theater and headed by Inner City Broadcasting, postpones for good.

12/82: Heartbeat Music Network, would-be MTV rival, falls through when funds dry up.

1/83: The Games Network attempts interactive video game venture; year later, finances wilt and hardware doesn't come for national rollout, leading to burnout.

6/83: The Mood Channel tries offering 24 hours of video "landscape wallpaper"…too many flies here; believe it or not, Steve Martin was involved with this (CV, 6/13/83 , p. 15).

7/83: Home Music Store, transmission process where subs pay for satellite-delivered album tracks, bombs. TVSM floats The Preview Channel, pay/basic program highlight guide and listings channel…no action.

8/83: Jones International whets marketplace with Futuretex, games/information videotex service, but doesn't go further than that. Star Video Music, yet another clip channel contender with broader music format, comes and goes.

9/83: Just For Listening, 10-channel pay audio package from Margaret Durborow and Cable Marketing Management, gets no takers.

10/83: CableLINE, labor-related programming service, is tested by AFL-CIO…national distribution try fails following year.

3/84: NABU Network brings together personal computer software service delivered over cable lines…venture collapses when principal investor Campeau Corp. pulls out.

4/84: Another try at over-45 networking comes from Prime Of Life; comes on with three-hour afternoon daypart and succumbs quietly after 12 months.

5/84: HiLife Channel tries to carve adult movie PPV niche…bombs; Professional Education Network creates telecourses for business…forced off in mid '85.

7/84: College Sports Network hits industry with speciality sports lineup…winds down and out after 18 months.

8/84: Former FNN President Glen Taylor tries two services, Discovery Music Network and Computer Satellite Network…neither launch.

10/84: BETS (Betting Entertainment TV Systems), joint TCS/Metrosports venture, attempts national telegambling on cable…folds in a few months.

12/84: International Business Network formed, proposes investor news and executive lifestyle programs, but goes nowhere.

1/85: Studioline prepares to debut multiformat pay audio service…can't muster enough listeners. United Satellite Network tries to start national showcase for LO fare…April launch date passes by and so does USN.

2/85: Milwaukee regional sports net Sportsvue folds after 10 months and $3.5 million loss.

7/85: Cablevision Systems launches hourlong daily prototype of The Book Channel in Long Island franchise…concept has author interviews, readings and sales pitches…stops there. Sofcast/National Digital Network comes to Viacom's Seattle system with test of downloaded PC software enterprise…result similar to NABU.

9/85: —People's Choice PPV channel comes together…network debuts 1/86 and gets some franchises but crashes by summer.

1/86: *On Cable* Publisher Peter Funt surfaces with Cable Tonight preview spots, syndicated to 25 systems…enterprise sinks when cross-channel field gets busy. Rock Christian Network out to mix preaching with video clips…lasts until 12/86.

3/86: Pratco begins assortment of home shopping contenders who bomb on way to the launch pad or shortly after; list includes Consumer Discount Network, Horn & Hardart, Let's Go Shopping, Sky Merchant and Crazy Eddie's World Of Electronics Shopping Service.

6/87: Telstar Channels tries four-channel PPV technique; few systems go for the whole kettle and Telstar goes bankrupt.

8/87: Another wave of shopping channels come and go, including Video Mall Network and Caravan of Values.

4/88: You TV enters with a shaky diagnosis, as health and fitness lifestyle basic service has shaky Cox Cable agreement and dried-up finances…drops off a month later.

12/89: The Playboy Channel is no more, following years of subscriber universe decline, but the ashes are scattered to Playboy's thriving At Night PPV service.

neer in Kansas City) and I were trying to figure out some way to reduce the number of homes affected when an amp goes out and came up with the idea that maybe fiber could be used to break the system up into clusters. That way one amp going out in a rainstorm might shut down a few hundred television sets instead of thousands."

But, he quickly added, the only way to do this cheaply would be to keep the cost of signal conversion at the fiber/coax interface very low, which meant an all-AM solution would have to be found. Was any such gear around? "No," came the reply.

Because AM signals are patterned on variations in the intensity of the source, they are easily distorted by any pulses that affect the intensity. Preventing such distortions has been a key problem in the cable industry's push to higher channel capacities in coaxial RF distribution systems. Where light is concerned, the problem is even worse, owing to the inherent non-linearity of even the narrowest of light rays.

For this reason, it was widely assumed that fiber would only play a major role in CATV distribution systems when, and if, the industry switched to digital signaling.

No one will ever know just how great a disadvantage this might have been to the industry's fortunes as the communications world kicks its migration to fiber into high gear. But there's still a question about who will benefit most from the efforts of the ATC group and the retinue of similarly minded engineers who responded to the idea.

This was made clear on a recent visit to AT&T Bell Labs in Murray Hill, N.J., where a remarkably big effort is underway to develop AM delivery techniques, employing not only present-day devices but a new generation of components that promise great performance advances over the next five years.

Indeed, new thinking in the telephone industry looks on AM fiber technology as a potential solution to the quandary telcos find themselves in, where they seek a video revenue "driver" to expedite fiber deployment but have been unable to find a cost-effective way to provide video in the digital mode. Now, several manufacturers have put together fiber delivery systems offering POTS (plain old telephone service) digitally and video in AM, and, sources say, many more are likely to follow.

— Fred Dawson

BILL GRIMES

1987

The idea behind ESPN's landmark plan to grab National Football League rights actually was formulated eight years ago.

It all really started in 1982, according to J. William Grimes, who recalls brainstorming with Roger Werner and Steve Bornstein in a day-long staff meeting that produced the notion of seeking incremental affiliate fees for a big-ticket sport: Major League Baseball.

"It was from that meeting that we first got the concept to come up with that model," Grimes, then president of ESPN, remembers.

The plan eventually was applied to pro football five years later. And it was Grimes who led the charge.

Grimes, now head of the Spanish-language Univision network, made the final pitch in the sports network's bid for those rights on the day the '87 Super Bowl was played in Los Angeles.

That day he was invited to a meeting with then NFL Commissioner Pete Rozelle and Cleveland Browns owner Art Modell at the Blair Hotel. They talked money and production values.

Rozelle and Modell wanted an indication of just what ESPN would be willing to pay. Grimes recalls providing a figure slightly below the $153 million ESPN eventually agreed to pay for its three-year package, and explained how the sports network planned to cover that cost to the NFL executives' satisfaction.

"The economic model was explained in a way they found acceptable," says Grimes, who recalls the final price tag was less than the 10 cents per subscriber commitment ESPN originally asked cable operators to kick in.

But Modell's attitude in the meeting made it clear HBO was still in the running. Along with concerns about production values, he was worried about the nature of local advertising that would appear during the games.

Grimes reassured him on both scores, pointing to ESPN's coverage of the NCAA basketball tournament as proof of its capacity to produce sports on a big-league level.

ESPN's real groundwork was done at the 1986 CTAM meeting in Boston, where Grimes, Werner and Roger Williams held wall-to-wall meetings with executives of each major MSO.

Consumer research showing the potential for increased penetration and a projection for just a five percent profit margin helped seal the deal.

— Richard Tedesco

KAY KOPLOVITZ
1988

Punch-through programming, the idea of one cable channel paying big bucks for big-ticket television that couldn't fail to grab subscribers, had become a punched-out philosophy by the time USA Network President Kay Koplovitz gave it serious thought in 1988.

First, USA snapped up off-network rights to *Miami Vice* and *Murder, She Wrote* from MCA at $200,000 a segment. The *Alfred Hitchcock Presents* revival was moved from NBC and *Ray Bradbury Theater* and *The Hitchhiker* came over from ACE-winning HBO flights.

For the topper, Koplovitz approved production of 24 made-for *World Premiere Movies* with per-film costs approaching $3 million.

"What people don't realize is that we wanted to pull this off around 1984 or '85," she muses. "The programming was there, but the economics of the day were so prohibitive that any effort to buy major series or keep them in production could not be justified. We made headway in 1988 because ad revenues for the industry were moving up and the analysts were predicting strong growth from there."

The decision still had a gambling factor; originally, Koplovitz pushed for a maximum of six made-for features to test the waters, but eventually gave in to 12, and finally a 24-title order. Competitive pressures from other channels played a role. "When it came down to crunch time, we faced a choice of taking the risk, or risk losing market share," Koplovitz says.

But there's no doubt about the ratings outcome; USA's primetime schedule has a 2.2 rating nightly average this fall, up substantially from several years ago, while the made-for movies regularly double that number on their first run. Another 24-film package will be created for 1990. More importantly, made-fors are now cornerstones of TNT, Family Channel and Lifetime, and promoted as such. Subscribers can expect about 75 basic cable original films next year, with other basics certain to join the group.

—Simon Applebaum

RICHARD MUNRO
1989

J. Richard Munro's summer of siege was appropriately marked; it began on the anniversary of D-Day and ended on Bastille Day.

Those hallmarks of military history enclosed the six weeks between the day Paramount Communications announced its desire to buy Time Inc. and the day a Delaware court affirmed that Time Inc.'s executives had the right to chart the course of the company's future.

Prophetically, Munro had warned Paramount's Martin Davis that, "Hostile takeovers are a little like wars: once they start, it's impossible to tell where they may end."

The military rhetoric seems to run across the grain of an executive whose character is marked by graciousness and an even demeanor.

When tested, Munro refuses to bristle. He defused a potentially volatile situation during last summer's Time stockholders meeting by engaging critics with a masterful display of corporate aplomb.

Even when antagonists in the assembly charged that Munro was feathering his own nest at the expense of shareholders, he so stalwartly refused to answer for himself that it was left to vice chairman Gerald Levin to point out that Munro would personally profit more from Paramount's purchase of his stock than he would if Time succeeded in merging with WCI.

"It was like some medieval morality play," Munro says today of Time's tilt with Paramount.

If, through it all, he seemed so earnest about executing his vision for the company's future, Munro can rightfully claim that that vision had been outlined and articulated well in advance of the merger. Cable figures prominently in Time Warner's future; from the new mega-entity has risen a 6 million-subscriber MSO, as well as a Hollywood movie studio at the disposal of Time's HBO, Cinemax and The Comedy Channel.

Yet, Munro refuses to buy into the folly of America's incontrovertible supremacy. "We'll be influential with our presence," he notes. But he'll refuse to preach. "We're not about exporting American culture."

Given the toll the past year exacted on him, Munro might be within his rights to crave a chance to prolong his moment in the sun. However, he has not wavered from his pledge to step down from his post next June at the age of 60.

"The decade ahead will be thrilling," says Munro. "But it will be time for me to do other things."

— Robert O'Brien

DECADE In REVIEW

PROGRAMMING

Delivering punch-through programming made viewers want to see what's on cable TV

◆◆◆◆◆

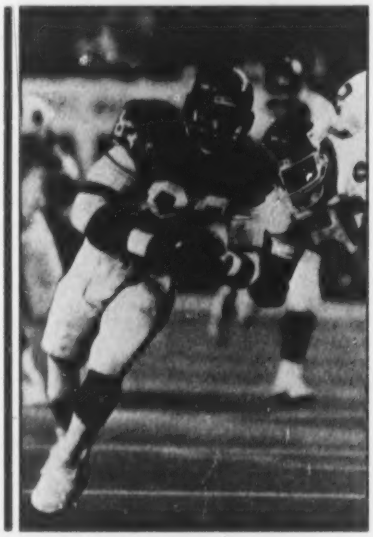
By Richard Tedesco

The 1980s were the decade when cable programming really began to hit its stride, when the promise of cable technology gave way to the delivery of differentiated, original fare rivaling the broadcast networks.

The first wave of the distinctive look that cable created for itself was typified by the launch of a music television channel in 1981. Beginning with a handful of music videos, MTV parlayed what some considered a fad to a full-blown basic network in the span of a decade.

Tom Freston, one of the few remaining MTV executives who was there at the beginning, says there were never any doubts the idea would take hold. "We knew it would be successful, but we never knew it would grow as fast as it did," he says.

The evolution of the MTV concept is also indicative of the creative directions that defined cable programming throughout the '80s. "The expansion of the format from a radio format to more of a TV format has helped us make a business," Freston observes.



ESPN's NFL deal helped basic cable secure rights to a share of all major U.S. pro sports going into the 90's

The launch of most of the basic cable networks, in fact, marked the making of cable's niches in the '80s: Cable News Network, USA Network and Black Entertainment Television in 1980; The Weather Channel in '82; The Nashville Network in '83; Network and Lifetime in '84; The Discovery Channel in '85, and—just before the decade dawned—ESPN in '79.

It was a time when the struggle to stay on the air and develop programming required creative thinking and the support of cable operators. 1983 was the year when ESPN first initiated a per-subscriber fee that helped drive programming acquisitions. Secondary cable networks, such as The Weather Channel, soon followed suit for more fundamental reasons.

"It was survival," recalls John "Dubby" Wynne, TWC's chairman and chief executive officer. "We had determined that without that subscriber fee we wouldn't make money."

Wynne's appeal to operators came in the wake of failed ventures launched by CBS and RCA. And the

TIMELINE: ACROSS THE DIAL

1/80: Black Entertainment Television debuts as part of USA Network's (then MSG Network) Friday night lineup.

3/80: TBS wins RCA Satcom III-R transponder for Cable News Network after RCA loses Satcom III and turned TBS' original request down. CNN gets the transponder with help from a consent order in Atlanta federal court.

4/80: Premiere pay TV channel formed by Getty Oil, Columbia Pictures, MCA, Paramount and 20th Century-Fox, with key element being nine-month film window that prevents immediate presentation on other pay networks—HBO immediately seeks antitrust injunction. MSG Network turns into USA Network as MSG establishes regional basic channel. Cablevision Systems launches SportsChannel, regional New York City pay service with 250 events per year.

6/80: CNN launches from Atlanta with less than 1.8 million homes and 300 people on staff.

8/80: Comcast, Daniels & Associates and Cablevision Systems form Rainbow Programming Enterprises—first ventures are Bravo and Escapade (action/adventure and R-rated films); Cox becomes partner later in month. Cinemax launches with 49 systems on board.

9/80: ESPN and USA Network go 24 hours. Pay TV units top eight million.

10/80: Showtime cans Showtime Plus Sports Southwest regional movies-plus-sports service after a year; gained 70,000 subs.

12/80: Rockerfeller Center and former CBS President Arthur Taylor form Radio City TV—forerunner of The Entertainment Channel. Playboy announces programming service plans. ABC Video Enterprises formed, will joint venture new networks with Warner Amex Satellite Entertainment. First project is three-hour primetime ALPHA, later to be Alpha Repertory Television Service or ARTS that piggybacks with Nickelodeon. New Year's Eve brings court ruling giving Justice Dept. injunction against Premiere, leading to venture's disbanding.

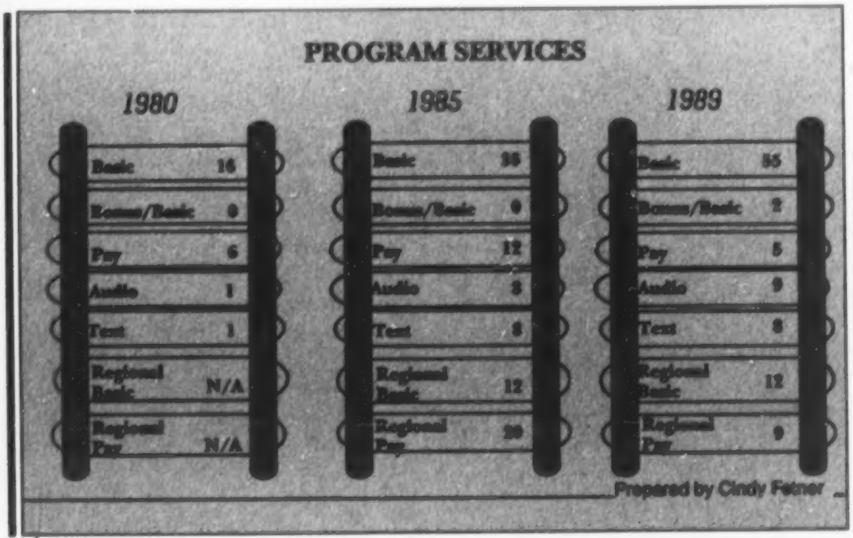
2/81: Regional sports net deals pursued in Boston and Seattle. Viacom Cable in Seattle gets five-year contract with Seattle Supersonics of NBA.

4/81: ARTS premieres. Comcast bows out of Rainbow, saying it never had a contract.

5/81: Westinghouse forms Group W Satellite Communications. National Jewish TV premieres, lasts seven years as two-hour Sunday daypart. Boston Celtics and Hartford Whalers form New England Prime Cable Network, later acquired by SportsChannel.

7/81: Showtime goes 24 hours. HBO follows two months later. Colony Communications forms MSO-wide Movie Time classic film channel. Eternal Word TV Network headed by Mother Angelica debuts.

8/81: MTV premieres with video music all-the-time; first clip is *Video Killed The Radio Star*. GWSC unveils Satellite News Channels,



operators responded to the appeal. "That was the first one when they said, 'We'll support you'," says Wynne.

The biggest breakthroughs in a decade characterized by cooperation between programmers and operators came in 1986 when United Cable, Cox Cable and Newhouse Broadcasting, led by Tele-Communications Inc., joined backers that included Group W Satellite in bailing out The Discovery Channel.

Their infusion of capital was an affirmation of faith in quality programming that kept one of cable's brightest emerging stars alive, and spurred further vertical integration. "The impetus and primary motivation was we ran out of money," John Hendricks, Discovery's chairman and chief executive officer, recalls.

A $20 million financing package had just fallen through. But a call to TCI through Discovery's investment advisor initiated conversations between Hendricks and John Sie, TCI senior vice president, that ultimately produced the innovative deal.

So today, TDC shares the cable spotlight in documentary programming with A&E, and has progressed far ahead of its projections to reach half of all U.S. TV households by 1991. "I always knew if we could get enough money that the niche was a powerful niche," Hendricks says.

(The participation of MSOs as

plans two services—one for headlines, other for in-depth reporting and documentaries; ABC Video Enterprises joins in. Playboy forms 50/50 venture with Rainbow to turn Escapade into The Playboy Channel.

9/81: CBN shifts from all-religious to ad-supported family programming format—drops CBN moniker in 1988 to become The Family Channel. HBO announces made-for-movie plans, with *The Terry Fox Story* opening title next April. Leonard-Hearns pay-per-view fight does well.

10/81: CBS Cable launches with about three million homes.

11/81: Westinghouse and Walt Disney announce plans for The Disney Channel pay network; Group W drops out, leaving Disney on its own.

12/81: HBO makes four-year exclusive film agreement with Columbia Pictures for $50 million. United Video begins Electronic Program Guide.

1/82: CNN II (later Headline News) debuts.

2/82: TBS wins first NCAA football contract for industry, paying $17.7 million.

3/82: Hearst/ABC Video Services launches Daytime, four-hour afternoon service for women.

4/82: Canada licenses six pay TV channels.

5/82: SportsChannel New York signs 30-year contracts with N.Y. Islanders and Mets. The Weather Channel formed with *Good Morning America* weatherman John Coleman as presi-

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dent. HBO wins cable's first Peabody Award for *She's Nobody's Baby* co-production with *Ms.* magazine. Programmer shakeout talk begins. Universal allows *The Pirates Of Penzance* movie to run on PPV Dec. 25 in tandem with national theatrical release—draws flak from theater owners. Financial News Network launches on a combo subscription TV station/cable system base. Channel's cable reach increases when STV stations fold.

6/82: The Entertainment Channel and Satellite News Channel I debut. Cooney-Holmes boxing championship goes on PPV.

7/82: Cable Health Network debuts.

9/82: CBS decides to shut down CBS Cable 1/1/83, citing lower ad revenues than expected ($8 million vs. $20) and unsuccessful merger bid with Bravo.

10/82: Newsday begins LO news and alphanumeric Long Island, N.Y., channel.

11/82: Hearst/ABC begins effort to merge ARTS and Daytime. Escapade becomes Playboy. *Sophisticated Ladies* Broadway hit fails as live PPV event.

12/82: HBO co-founds Tri-Star Pictures with CBS and Coca-Cola. The Who goes on PPV.

1/83: Showtime/The Movie Channel merge under $75 million pact, transferring TMC from Warner Amex to Viacom. HBO debuts *Fraggle Rock*, long-running Muppets original.

2/83: Six pay TV services introduced in Canada—First Choice and SuperChannel/Super Ecran, HBO/Showtime-like channels, wind up as sole survivors.

3/83: The Entertainment Channel goes dark after nine months; efforts to revive it as basic service are unsuccessful and loss is estimated at between $34 and $85 million. *Pirates of Penzance* on PPV brings in 10 percent of 1.5 million PPV homes available, under Universal's 15 percent expectations. The Nashville Network begins with live six-city *Nashville Now* hookup—biggest launch to this point with six million homes. Business news hour premieres on ESPN, first *Business Times* then *Nation's Business Today*.

4/83: The Disney Channel launches. Showtime revives *The Paper Chase* on pay. QUBE Network introduced in six Warner Amex systems.

5/83: HBO runs *Terry Fox*, while Cinemax keeps *SCTV* going for one year after NBC cancellation.

6/83: Cable Health Network and Daytime merge under Hearst/ABC/Viacom Entertainment Services, forming Lifetime. GWSC announces plans to form up to six regional sports networks—only Home Team Sports makes it in Baltimore/Washington area.

7/83: Landmark Communications takes control of The Weather Channel, kicking out John Coleman and imposing per-sub fee to increase revenues. Showtime does live Diana Ross concert from Central Park; first attempt gets washed out in mid-concert.

8/83: Anheuser-Busch, Multimedia and TCI form Sports Time, 15-state regional sports network featuring baseball from St. Louis

investors in Discovery actually set the precedent for the 1987 equity deal that bailed out TBS to the tune of $576 million.)

John Sie became cable's guru of "punch-through programming" in the '80s and it was in late '86 when the major MSOs provided the muscle for ESPN to make its play for the prize of National Football League rights. "It was the only sport that had not been on cable. It was a gem," J. William Grimes, former ESPN president, observes.

It was a gem that effectively put ESPN on track to score its coup of securing Major League Baseball rights. So as the '80s ended, cable had secured a piece of each major U.S. professional sport.

In retrospect, Sie says he's not surprised that the "punch-through" concept picked up momentum as quickly as it did. "I think I felt with enough pump-priming, programmers would jump into it," he observes.

ESPN's big league successes are just part of a proliferation of sports on cable that engineered much of its growth through the '80s. Turner Broadcasting inked its first National Basketball Association pact in 1983. Ted Turner created an Olympics-scale event for cable in 1986 with the Goodwill Games, a significant factor in helping TBS land a piece of the Olympics rights it will share with CBS in '92 and '94.

SportsChannel America grabbed National Hockey League rights from ESPN last year, an indication of the competition that also characterized cable programming in the past decade.

Home Box Office made its mark in sports, too, with the heavyweight boxing elimination series that established Mike Tyson as a bonafide box-office draw. And boxing began to show the potential for pay-per-view as a delivery system that could overpower closed circuit.

It was a time when hostilities sharpened to a razor's edge between HBO and Showtime Networks, which issued the battle cry of "Exclusivity!" as its key to future success. And the decade ends with cable's premium programmers locked in hostilities over their respective comedy channel projects.

What initially seemed like cable's funniest concept, home shopping, took off in a flurry of competition with Home Shopping Network leading the way in demonstrating cable's ability to change the buying habits of American consumers.

> **'It was survival. We had determined that without that subscriber fee we wouldn't make money.'**
>
> *—John Wynne, chairman and CEO, The Weather Channel*

But the more serious side of cable programming development shone through in the late '80s as HBO won critical acclaim for its original productions. Its *Down and Out in America* took an Academy Award and *Dear America*, a graphic look at the Vietnam War in the words of American veterans and their loved ones, won an Emmy.

Marking a role-reversal of sorts, Garry Shandling moved from Showtime to the broadcast Fox Television Network. And the innovative programming MTV created for itself and Nickelodeon showed its strength as *Remote Control* and *Double Dare* moved into broadcast syndication, the first shows to make that migration from basic cable.

Lifetime showed its innovative flair with the acquisition of *The Days and Nights of Molly Dodd* with plans to create original new episodes now in production at the network's own studio facilities in Astoria, New York.

Movie packages that typically would have moved into syndication on independent television stations started coming to cable in the '80s, as Lifetime struck a deal for 42 films with Orion Television Entertainment for a reported $40-$50 million and USA acquired a plum of 20 movies from Touchstone Pictures for $60 million.

Along with the oft-cited CBS Cable, the industry had its share of lemons in the '80s, with HBO launching, and folding, its Festival service and NBC never launching a news service to compete with CNN.

NBC finally did get into the cable game with its Consumer News and Business Channel and HBO can claim the last basic cable launch of the decade with The Comedy Channel.

As MTV was one of the new faces that changed the cable map at the beginning of the decade, another new wrinkle in music video programming—and interactivity—started demonstrating its viability as The Video Jukebox Network rolled out in systems around the country. "The cable operator is understanding what it can be," says Andy Orgel, president of Video Jukebox.

That could serve as the testimonial for cable programming as a whole, particularly basic cable, which began to pay off in cumulative ratings and local advertising revenues for operators.

At the end of the decade, cable programming is a proven commodity. CNN has become a staple source of spot news in a genuine rivalry with the broadcast networks. ESPN is the darling of sports junkies everywhere with a reputation for quality production work typified by its NFL coverage and—lest we forget—the America's Cup. And TNT really is helping build cable's profile as the place to look for big events.

And as 1990 loomed on the horizon at the Western Show in Anaheim, John Sie was joking about an "anti-gravity snowball machine" to keep programmers striving for even bigger success stories.

"I think the best is yet to come," Sie was saying. "The more we can do original programming, the better the possibility of a blockbuster coming through." ■

Cardinals, Cincinnati Reds and Kansas City Royals; launches 4/84. ATC, Group W and TCI form Event Television, PPV joint venture; TCI drops out later.

10/83: TBS buys out SNC for $25 million, shuts it down at end of month. SNC loses $75 million for GWSC and ABC.

12/83: Showtime/TMC acquires Times Mirror's Spotlight pay channel, negotiates five-year movie exclusivity deal with Paramount.

2/84: Lifetime and Arts & Entertainment Network debut.

6/84: TBS gets NBA national cablecast rights (two years/$20 million); league has stayed with TBS since (package transferred to TNT 10/89 after runs with USA and ESPN/TBS signs four-year renewal 12/89 for $275 million).

7/84: Warner Amex Satellite Entertainment becomes MTV Networks.

9/84: Satellite Program Network introduces Star Ship Stereo audio package. MTV launches *Video Music Awards*.

10/84: American Movie Classics premieres. TBS launches Cable Music Channel, supposedly with 2.5 million homes, but actually less than 350,000 and million TVROs.

11/84: Cable Music Channel goes silent, sells assets to MTV.

1/85: VH-1 premieres. Suburban Cablevision of New Jersey's *Right To Know* documentary series wins cable's first DuPont broadcast

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Cable Investments, Inc.
8400 East Prentice Avenue
Suite 1115
Englewood, Colorado 80111
(303) 793-3344

journalism award. The Nostalgia Channel debuts.

3/85: Sports Time folds, assets go to FNN, which sets up Score primetime daypart. National Academy Of Cable Programming formed, chaired by Ralph Baruch. Scripps-Howard's United Media division opens TV Decisions, cabletext guide channel which becomes United Video's property few years later.

4/85: *National Geographic Explorer* begins on Nickelodeon, moves to TBS next spring.

6/85: The Discovery Channel and Home Shopping Network launch, as does Playboy's Private Ticket (later On Demand) PPV format.

7/85: MTV presents *Live Aid* concert marathon, raising $70 million for African hunger relief work.

8/85: ESPN wins NHL rights (three years/ $24 million). TBS launches Goodwill Games in Moscow. HBO celebrates 10 years on satellite.

10/85: NBC floats first cable news channel attempt.

11/85: Request TV and Viewer's Choice debut within hours of each other Thanksgiving day; dispute over who started first continues to this day. Hit Video USA begins competition with MTV, makes some cable headway but lawsuit over video clip exclusivity and losses force programmer to broadcast-only status. Network is about breakeven and may try cable again as MTV contracts reach renewal deadlines. Cinemax debuts *Max Headroom*, becomes cult talk series and short-lived ABC drama.

12/85: Cable Value Network gets off ground as first HSN competitor.

1/86: NBC scraps cable news plan after TCI nixes and 13.5 million home quota is unreachable by end of month. Modern Satellite Network, operating since 1979, shuts down when HSN acquires satellite time. CNN and Discovery Channel carry live coverage of Challenger space shuttle explosion. People's Choice PPV venture begins.

3/86: HSN begins second channel, which shortly turns from cable-exclusive to mostly broadcast; decision irks many cable affiliates and impacts network's position. HBO begins *Comic Relief* fundraisers for homeless; three editions pull in more than $10 million. SPN becomes Tempo TV. TCI takes 30 percent equity in AMC and small CVN interest; company says this marks beginning of "passive" programming service investments to be made over time.

4/86: Calls are made for "flagship" channel to match broadcast nets in ratings; nothing happens immediately. Showtime makes film exclusivity agreement with Touchstone Pictures (Disney).

6/86: C-SPAN premieres second channel highlighted by Senate coverage. Discovery Channel gets service-saving equity investments from TCI, United Cable, Cox and Newhouse. People's Choice folds.

7/86: Showtime marks 10th anniversary.

8/86: FNN launches TelShop daypart.

12/86: TBS marks 10th anniversary. Galavision begins pay-to-basic switchout.

2/87: The Travel Channel flies under TWA. QVC Network opens.

3/87: ESPN wins landmark NFL cable contract with $153 million, three-year bid funded partially by $1 affiliate surcharge.

5/87: HBO launches Festival family-oriented pay channel. Movietime premieres. HBO grabs Paramount exclusive film contract from Showtime.

8/87: NBC signals new cable intentions under President/CEO Robert Wright.

10/87: The Fashion Channel and Shop TV Network (later J.C. Penney TV Shopping Channel) premiere. Ted Turner announces plans for TNT at Atlantic Show.

11/87: USA buys off-net *Miami Vice* episodes from half-parent MCA at $200,000 a play; no syndication run.

12/87: United Video launches Prevue Guide. Event TV turns into Home Premiere TV, with TCI out and 24-hour satellite feed.

1/88: Four MSOs (TCI, UA, Newhouse, United) and Shelley Duvall form Think Entertainment.

6/88: NBC sets up CNBC as part of new division. SportsChannel America forms, acquires NHL rights for $50 million.

8/88: USA sets *World Premiere Movie* lineup (24 programs in first group with $3 million per-title budget); first title, *The Forgotten*, premieres 4/89. Lifetime revives *The Days & Nights Of Molly Dodd* after NBC fadeout, plots 13 new half-hours.

9/88: Cablevision Systems drops MSG Network, sets off public battle. Cable qualifies for Emmys; HBO wins two.

10/88: TNT launches with 17 million subs, biggest premiere universe so far. Jones Intercable drops USA from all franchises over per-sub fee raise and content criticism.

11/88: Viewer's Choice and Home Premiere TV merge. Showtime forms Event TV division for PPV specials.

12/88: NBC and Cablevision Systems form 1992 Summer Olympics PPV package. HBO cans Festival.

1/89: ESPN wins Major League Baseball package (first since USA deal ended in early '80s) for $400 million over four years; 175 games a season, starting 4/90.

4/89: Nickelodeon celebrates 10 years. New *Molly Dodd* episodes debut on Lifetime and win acclaim; 24 more segments due in 1990.

5/89: HBO sets Comedy Channel in motion. Group W buys 50 percent of Request TV ($10 million). MTV announces HA! for April 1990 premiere.

6/89: Educational in-school ventures proliferate, including *CNN Newsroom*, *A&E Classroom* and *Assignment: Discovery* (Channel).

7/89: MSG Network settles Cablevision Systems dispute. Lifetime sets 15 made-for movies…first debuts 4/90.

9/89: WGRC, broadcast-formatted local channel, begins on ATC's Rochester, N.Y., outlet; controversy erupts over use of Warner Bros. syndicated product. ESPN hits 10 years. Lifetime launches fall program acquisition binge with transfer of Group W's *This Evening* from broadcast syndication. Off-net contracts for *L.A. Law* and *Moonlighting* following later.

10/89: TBS pays $50 million for CBS-supplied package of 1992/94 Winter Olympics events on TNT. USA pays $60 million for syndication-bypassed movie package from Touchstone Pictures. TNT marks first anniversary with more than 35 million homes, NBA under wing and 17 ACE nominations on first qualifying round.

11/89: The Comedy Channel premieres with four million homes. Showtime Event TV lands PPV rights to Rolling Stones concert 12/19 for reported $6 million…clears 13.4 million addressable homes. Mizlou Sports News Network changes launch date from 11/30 to 2/1/90. Niche news becomes basic trend, as MTV, Lifetime and Nostalgia Channel offerings premiere and Hearst/ABC forms special venture.

12/89: NCAA basketball tournament booted off ESPN under new seven-year, $1 billion CBS contract. TNT contracts with Steven Spielberg for six made-for films to roll out monthly, beginning 8/91 at $2.5 to $3 million per film. Career Television Network surfaces, intends to program work/employment-oriented format 4/90…Willie Nelson's Cowboy TV Network touts spring 1990 premiere. BET caps decade by landing actor/producer Tim Reid for programming joint venture and off-net rights to *Frank's Place*.

DECADE in REVIEW

MARKETING

Basic cable's growth result of tier meltdowns

◆◆◆◆◆◆

By Larry Jaffee

In terms of cable marketing, the past decade will surely be remembered for the pay services' multimillion dollar image advertising campaigns, HBO's seasonal timelock campaigns, an endless blitz of direct mail pieces from programmers and operators alike, the establishment of regional marketing cooperatives, and use of sophisticated geodemographic database techniques.

But perhaps the most significant cable marketing development during the 1980s actually has its roots in changing regulatory policy abetted by evolving technology—the massive "tier meltdowns" that coincided with implementation of the Cable Act in 1985 and '86.

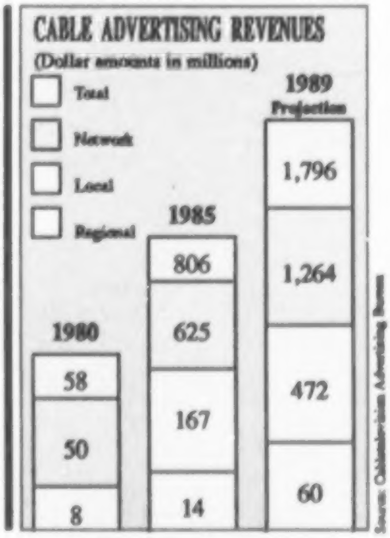
Originally, tiers were created by cable operators as a way to get around local rate regulation by municipalities, which generally were allowed to control only the prices charged for the lowest level of basic service.

In the pre-Act days, cable operators grouped together in separate tiers programmed services that now are universally, exclusively perceived as basic-only (e.g., TBS, USA Network, MTV).

Once free of local regulators' clutches, cable operators saw breaking up the various tiers into one "basic" service as a way to demonstrate to consumers value for the dollar.

The switch also made cable television easier to understand for all concerned, especially CSRs, who could pitch basic cable first and then tout a choice of a la carte pay services, whose prices have been simplified in packages of the subscriber's choosing.

Indeed, the impressive penetration gains made by operators in recent years have been helped along by basic networks' significantly improved programming, which was risked on the now-proven assumption that it would attract ratings and advertising because a far wider audience could seen the programming after tier meltdown. ■



Tier meltdowns contributed to the extraordinary growth in cable advertising during the 1980s.

TIMELINE: SALES & ADS

2/80: Arbitron develops Cable Audience Measurement & Profile (CAMP) methodology to track local system viewership.

4/80: Eastman Cable Rep formed, one of first local cable ad rep firms.

8/80: Cabletelevision Advertising Bureau formed with $400,000 in capital.

9/80: Cable Networks Inc. formed by 3M Co., reps 500,000 subs... uses systems in and around NYC and expects to gross $1 million in revenues first year. Newly-formed Southern California Cable Club creates co-op ad campaign to publicize medium and acquire new subs. TVSM formed... launches multipay guides that eventually become *The Cable Guide* magazine.

10/80: American Home Products commits $1.5 million to CNN advertising over 11-month span. WTBS signs A.C. Nielsen deal to be first cable network rated... takes effect 2/81.

12/80: NCTA forms media services research department to help distribute programming information and promote cable ads... genesis for National Academy of Cable Programming and Council For Cable Information.

1/81: ESPN signs multi-year ad contract with Anheuser-Busch ($25 million).

2/81: Bristol-Myers signs $40 million/10-year ad pact with USA... includes production of daily *Alive And Well* health hour.

3/81: HBO launches $10 million media blitz that includes first primetime broadcast network advertising (NBC's *Hill Street Blues* was the program of record). 1980 ad revenues projected at $50 million.

6/81: ESPN, USA and other basic services start tune-in ad campaigns in selected markets.

7/81: Ad interconnects spring up in New Jersey, California and Illinois. Centel Videopath starts operations in Chicago area.

8/81: ESPN attempts affiliate compensation program, rebating $1 million over next year... program is halted when network has financial crunch, but other networks start ad rebates seven years later to win or keep affiliates... CNBC, Discovery Channel and Movietime are among advocates.

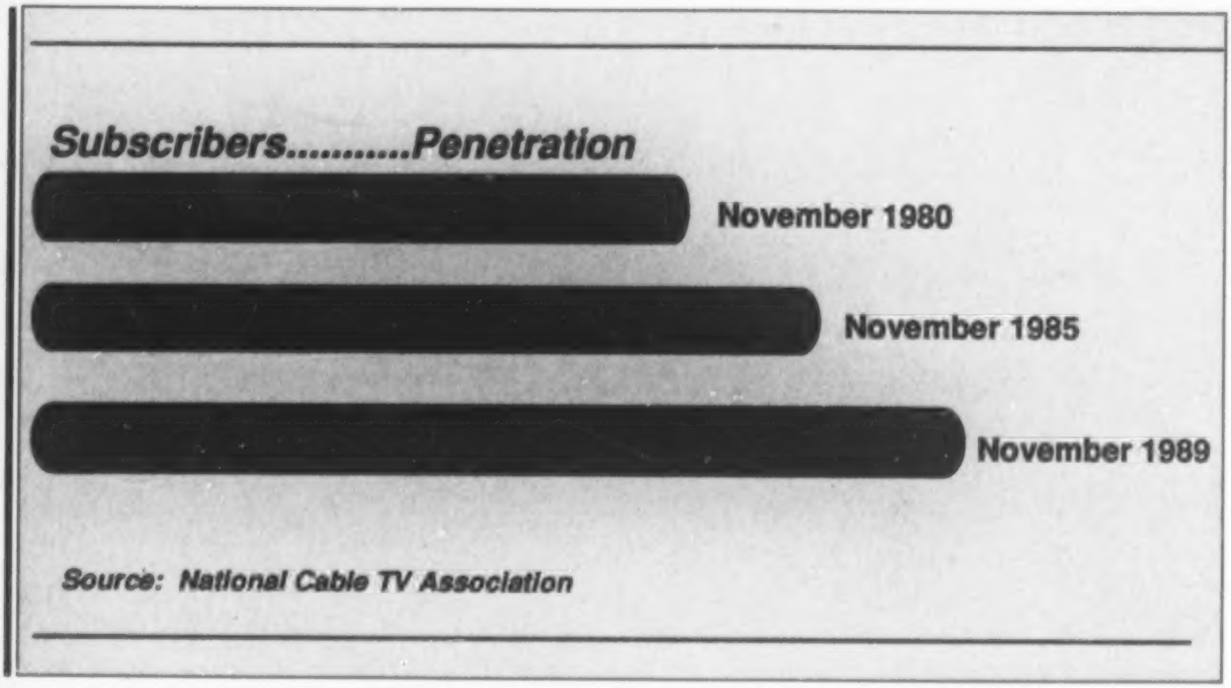
10/81: Ted Bates begins recommending to clients that a percentage of primetime broadcast network expenditures be allocated to cable, beginning with two percent on WTBS.

11/81: "Relaunching" campaigns take hold at many systems introducing pay and basic networks.

1/82: A.C. Nielsen provides HBO with overnight ratings.

2/82: $100 million in ad sales recorded for 1981; CAB holds first industry advertising conference in New York, drawing 1,300. General Foods signs 10-year USA Network ad deal.

3/82: Budweiser MTV spot breaks TV taboo of on-camera beer guzzling. Subscriber retention campaigns introduced by HBO and



Source: National Cable TV Association

Showtime.

6/82: Arbitron's Broadcast Advertiser Reports starts monitoring ad revenues of TBS, CNN, ESPN and USA ($31.2 million for first quarter 1982)... MTV and Family Channel added later. TCI puts together MSO-wide basic/pay packages with genre slots.

7/82: Cable AdNet launches in Philadelphia, organized with help of Lenfest Group. Retention marketing becomes major operator focus at CTAM conference.

8/82: Time Inc. rolls out *TV-Cable Week*.

10/82: New sub acquisition trend—telemarketing—begins at several major systems.

12/82: Cox Cable and Warburg, Pincus buy minority *On Cable* magazine investments.

1/83: Cable penetrates 30 percent of U.S. homes, about 25 million subs.

5/83: Lifetime brings perscription drug advertising to TV on its Sunday medical programs; MTV implements per-sub fee and introduces ads on Nickelodeon.

6/83: Council for Cable Information formed to prop up industry's image through TV campaigns and other MSO-funded projects.

9/83: Time Inc. pulls plug on *TV-Cable Week* after only 19 systems sign up. Eastman Cable Rep folds.

11/83: CAB uses Albert Einstein as "pitchman" for first trade ad, changing E = mc2 to "Effectiveness Equals More Cable."

5/84: Tele-Engineering Inc. and other firms begin offering advertising insertion hardware. Cox buys *On Cable*.

6/84: Rainbow tries dual marketing of AMC and Bravo under "Rainbow Service" bundle.

8/84: CCI breaks $6 million "Cable: not just more choice, your choice" drive, prepared by McCann Erickson.

9/84: TVSM merges *The Cable Guide* and *Cable Today*.

10/84: TCI runs successful "Cable is Choice TV" campaign MSO-wide.

3/85: Ted Bates raises ad-supported cable use to 10 percent of broadcast spending. Cable enters year with 44.6 percent penetration (38.1 million homes).

4/85: Southern California operators form marketing council to conduct promotions. HBO reports sub count dropping 5.5 percent for first quarter, indicating slowing pay market.

8/85: ATC and Daniels create media "tune-in" kits for their franchises.

9/85: Cox pulls funding from *On Cable*, magazine terminates 12/85 after Cox teams with *The Cable Guide*.

10/85: Cable Promotion Network, developed out of Comcast systems, becomes first supplier of cross-channel promotion spots. Venture tries to launch 24-hour Preview Channel in 1986, but is unsuccessful in wake of Movietime. CCI appears set to premiere $12.4 million "Discover Yourself" media spree, but a few weeks later TCI and other MSOs end CCI support and enterprise disbands.

11/85: Anheuser-Busch extends ESPN contract through 1990 (worth $30-$40 million, up from $25 million).

3/86: NuMedia (later NuCable Resources) introduces Cable Ad Channel System, utilizing digital photoadvertising technology for classified ad programming and other operator uses.

7/86: Channel positioning becomes new industry trend, after studies show that basic nets do better on lower TV dial placement. ESPN cuts per-sub fee for affiliates who comply and ATC and Daniels shift channel lineups... NAB and INTV are upset, threaten legislative reaction. CAB launches monthly program tune-in service.

9/86: National Cable Month plans announced, under National Academy Of Cable Programming supervision.

10/86: CTAM begins quarterly subscriber database reporting through A.C. Nielsen.

1/87: Tier meltdown period begins as operators gear up for full rate deregulation.

7/87: Nielsen introduces people meters, showing less broadcast, more cable viewership.

8/87: Cable surpasses 50 percent penetration of U.S. TV homes.

11/87: NuCable and Starnet announce separate cross-channel promo feeds, operating full time. Both parties join forces under NuStar banner in '88, but NuCable bows out following year. TCI, The Weather Channel and Cable Video Entertainment plot out Prime Time Tonight, own cross-channel venture.

12/87: Cable tops $1 billion total ad sales mark for year, first time ever (actual tote: $1.1 billion).

2/89: TV Host buys Cosmo Graphics

4/89: CAB estimates 1989 will draw nearly $2 billion in total ad revenues... $1.5 billion national/$472 million local.

7/89: CTAM forms PPV division to lift operator participation in market.

9/89: TCI announces various outreach efforts, covering customer service and cable education.

DECADE In REVIEW

OPERATIONS

Striking a social bargain reflecting cable's diversity

◆◆◆◆◆◆

By Craig Kuhl

Before passage of the 1984 Cable Act, state Assemblywoman Gwen Moore told the California Cable Television Association that what the Act needed most was a section on minority hiring and that the EEO charter must be included if the cable industry was to be considered a good corporate citizen now and in the future.

As the '80s progressed, that resolve brought both encouragement and frustration to people of color and women, who have seen their fortunes, and futures, stalled at various times along the way by a subtle, lingering negligence within the industry in hiring and promoting minorities and women, and at times a lack of genuine interest in the true spirit of affirmative action, as embedded in the Cable Act.

The social conscience of the cable industry in the '80s was spirited forward by the passage of the Cable Act and its statutory commitment to affirmative action, which reflected an industry's willingness to take responsibility in insuring a nondiscriminatory future for its enthusiastic new employees, who were catching a rising star called cable.

Rep. Mickey Leland, who recently died in an airplane crash in Africa, is generally considered the driving force behind the inclusion of the EEO section of the Cable Act, which was rooted in California and designed to make the cable industry a role model for affirmative action.

Howard Symons, senior counsel to the House Telecommunications Subcommittee in 1983 and now a Washington attorney, recalls that "the employment of minorities was to reflect the diversity of cable programming. It was a must, and Leland made it clear it *would* be in the Cable Act. My overall impression is that the industry has lived up to it."

> **'Cable is a big industry and there are still too few minorities being placed. If you lift the veil, you'll find the industry doesn't reflect the diversity of programming or its subscriber base.'**
>
> *— Charles Ward, Reiss Media Enterprises studio relations vice president*

Others, however, aren't so sure. Says Michelle Mitchell of the Walter Kaitz Foundation: "Our placements are down to 15 in 1989 from 23 in '88."

The foundation, clearly a bright star in the cable industry during the '80s has placed 73 fellows since its inception in 1983 and has remained a guiding light for people of color during the decade. Charles Ward, vice president of studio relations for Reiss Media and one of the foundation's first fellows, said "I benefited

TIMELINE: TECHNOLOGY

3/80: C-Cor Electronics puts 400 MHz equipment on the market.

4/80: Warner Amex launches QUBE home security component in 700 Columbus, Ohio, households for $10 a month.

5/80: Jerrold and other suppliers unveil 400 MHz converters, trunk and other products. Cox and HomServ announce pilot home banking project.

7/80: Zenith offers TV with built-in "Space Phone" telephone. First 400 MHz cable system begins operations 7/17 in Orlando Park, Ill.—Cox franchise.

1/81: Warner unveils information retrieval system developed for Columbus with Atari and CompuServe.

2/81: Times Mirror and Dow Jones announce plans for videotex service development.

3/81: Zenith develops 54-channel addressable converters.

6/81: PlayCable, joint venture among Mattel and Jerrold, goes national. NABU surfaces as Ottawa manufacturer of two-way addressable converters linked with computer terminals.

7/81: Times Fiber introduces "Mini-Hub" fiber configurations. CompuServe pitches INFOChannel two-way interactive cable services... no response.

10/81: QUBE is panned in various newspapers. Texscan gets into addressable market with TRACS system.

11/81: Rogers Cable TV opens Minneapolis suburban system with $21 million in interactive Zenith Z-TAC equipment.

1/82: Times Mirror uses Telidon videotex format for Gateway, Southern California cable trial.

2/82: Indax consumer information service spreads to other Cox test markets.

3/82: HBO begins signal scrambling effort to thwart TVROs and signal pirates. Pioneer introduces one-way addressable converters.

4/82: J. Walter Thompson and Adams-Russell launch "Cable Shop" interactive infomercial channel in Peabody, Mass., and other systems. National rollout effort is rejected and project disbands later. Viacom activates 108-channel dual cable system in suburban Milwaukee.

5/82: Centel, Field Enterprises and Honeywell float $21 million videotex/teletext service for Chicago area... nothing happens.

8/82: Oak cancels Total Control-56 addressable converter orders, citing dollar slump. General Instrument's DBS project, United Satellite TV, goes forward.

12/82: Times Fiber wins $8 million construction contract for fiber optic Alameda, Calif., build. General Electric unveils Comband bandwidth compression system, offering potential to double channel capacity.

1/83: M/A-Com wins HBO contract for encryption equipment.

4/83: FCC approves cable operator stripping from the foundation, but cable is a big industry and there are still too few minorities being placed. If you lift the veil, you'll find the industry doesn't reflect the diversity of programming or its subscriber base."

NAMIC Chairperson Janet Long laments, "We've made great progress in positioning ourselves to do good work. We may not be visible to the public yet, but our newsletters, new programs and urban market seminars have helped. They're simple things, but in an organization that hasn't had the benefit of lots of money, we've done well."

At the system level, operators found that being socially responsible in their communities was not only good citizenry but a prudent business decision. Continental Cablevision was one of the first to recognize this and impacted an entire industry during the '80s with its "high touch" approach to community awareness, which in reality began when the company was founded in the mid-60s.

For most minorities and women in cable, the '80s proved to be a paradox, with the industry claiming it has lived up to its Cable Act responsibilities, while minorities, women and the FCC continue to call for a greater spirit of understanding and affirmative action. ■

of broadcast teletext services on their vertical blanking intervals; Tele-Communications Inc. launches MSO-wide addressability center, serving 400 locations.

6/83: Texscan, Jerrold and other companies start development of 500 and 550 MHz gear. AM Cable TV Industries brings out Tier Guard out-of-home addressable system. Times Fiber/Tocom connect for two-way hardware venture.

7/83: Warner Amex opens negotiations with telcos to deliver less expensive interactive/transactional services... talks go nowhere. Hughes Communications launches Galaxy I.

8/83: Pico and C-Cor float on-premise equipment (SCAT at C-Cor; OTAS, or Outdoor Terminal Addressable System, at Pico).

9/83: Times Fiber/Tocom project suspended.

10/83: United Satellite Communications premieres five-channel DBS service.

11/83: Time Inc. cans teletext project after two years of development and in-house tests.

12/83: Oak Industries unveils Sigma addressable converter line. Times Fiber introduces second-generation "Mini-Hub" system. ABC Video Enterprises sets date for Tele1st, over-the-air Chicago pay-per-view service using VCRs.

1/84: New York Times Cable begins rollout of Sprucer II, two-way addressable converter made by Matshusita. Warner Amex kills QUBE for all but pay-per-view Viewer's Choice service in all markets.

2/84: Texscan develops problems with TRACS converters, leading to switchouts in Montgomery County, Md., and elsewhere. PlayCable shuts down.

3/84: New York City authorities permit single-cable rather than dual-cable newbuilds.

4/84: TCI acquires Pittsburgh system from Warner Amex at $93.4 million, then throws out QUBE and reduces channel capacity.

6/84: ABC kills Tele1st after five-month Chicago test gets 4,000 subs.

7/84: Group W Cable opens Request Teletext service in Buena Park, Calif. Eventually folds.

9/84: Cox drops out of proposed videotext/interactive cable venture with Chase Manhattan Bank and Jerrold.

11/84: Scientific-Atlanta breaks B-MAC scrambling system to compete against M/A-Com's VideoCipher model.

4/85: Pioneer Communications introduces BA-5000 one-way addressable converter line and secures $50 million in advance orders; TCI and McGraw Hill launch X*Press Information Services.

6/85: Zenith creates Phonevision PPV decoders and automatic number identification (ANI) system.

7/85: Hearst Cable in California is poised to test two-way Packet Cable high-speed interactive distribution system, with a variety of possible applications... Amoco is principal funder. NuMedia Corp., formed by NCTA President Tom Wheeler, comes together to market new technologies to industry.

11/85: Amoco pulls out of Packet Cable.

12/85: Copley Press/Colony-owned Cypress, Calif., system becomes first 600 MHz outlet in nation, using Magnavox CATV's Integrated Subscriber/Institutional (ISIS) hardware. HBO and RCA form joint venture to market Ku-band satellite (Crimson Satellite Associates). Cox ends CommLine data experiment in Omaha.

1/86: HBO begins full-time scrambling using M/A-Com's VideoCipher II technology.

3/86: Jerrold comes out with Starcom converters (66-channel/450 MHz) and launches Cable Video Store.

10/86: Scientific-Atlanta develops subscriber interface unit for TCI's use off-premises.

4/87: D.C. Circuit U.S. Court of Appeals rules that FCC improperly pre-empted local government rights to set technical standards for cable systems.

5/87: GTE outlines Cerritos, Calif., fiber/coax cable testbed for advanced services and video on demand; CableData rolls out Quick Data, on-line billing MIS system. ATC begins exploration of hybrid fiber/coax backbone topology to increase channel capacity and signal quality.

2/88: Newhouse invests in Video Jukebox Network, interactive cable service originating from Miami. Telaction, J.C. Penney electronic home shopping basic service, enters Chicago trial.

5/88: Cable Labs, MSO-funded research and development venture, is formed.

8/88: Bell Atlantic and Helicon Cable join forces for fiber-to-the-home trial in Perryopolis, Pa.

9/88: General Instrument forms Applied Media Lab to research new projects; makes fiber co-ventures with Corning and Ortel, and turns wholly-owned CommScope subsidiary into a co-partnership with Alcatel. Anixter unveils AM Laser Link system with AT&T. GTE begins Main Street interactive service trial in Newton, Mass. (Continental franchise).

11/88: Scientific-Atlanta develops AM fiber gear and off-premises addressable system. TCI makes fiber commitment to Anixter's Link products.

12/88: Jones Intercable Engineering Vice President Bob Luff urges industry to develop 750 MHz and 1 GHz gear to tap high-definition TV, transaction and other advanced services unfolding in 1990s.

2/89: Jones unveils Cable Area Network fiber optic rebuild plans; Augusta, Ga., and Broward County, Fla.. are first sites, with Turnersville, N.J., coming on line in summer.

4/89: TCI unveils 10-year plan for enhanced TV development, while calling for first digital-processed HDTV by 2000. Telaction shuts down in Chicago, with J.C. Penney losing $106 million on enterprise. Jerrold forms Cableoptics unit; Texscan and Anixter form alliance to produce high-bandwidth hardware, starting with 1 GHz "Pathfinder Plus" fiber optic platform.

5/89: TCI and other MSOs back SuperNTSC advanced TV venture from Faroudja Labs. Catel Telecommunications and Reliance Comm/Tec Corp. undertake joint venture for fiber-to-the-home system development... field trials were planned for late '89.

9/89: TCI makes 250,000 module deal with Jerrold's on-premise Starport system.

DECADE
In
REVIEW

POLICY

The nexus between deregulation and improved cable programming

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By Lisa Stein

It was the best of times, it was the worst of times for cable during the 1980s.

Early in the decade the industry scored a major coup when Congress freed it from local economic shackles, allowing it to blossom into a full-fledged video competitor.

But as the 1980s ended, the one-time congressional media sweetheart found itself the target of fierce efforts to reregulate it in the face of criticism that it had badly abused its regulatory freedom.

Without question, the most significant policy change for cable in the decade was passage of the Cable Act, which rescinded local government authority to regulate rates except in communities in which there were not at least three broadcast signals. As a veteran media watcher put it, the 1984 law "enabled the cable industry to grow like hell," spawning innovative programming and giving cable systems an opportunity to bid more competitively for lucrative fare such as popular sports events.

'Cable is real TV, no longer amateur hour TV,' says NCTA President James Mooney

"There has been a direct nexus between cable deregulation and improved cable programming. I think it's generally admitted today... that cable is real TV, no longer amateur hour TV," says James Mooney, president of the National Cable Television Association. "This has been a direct function of more money being put into programming," he added, noting that a poll conducted in early 1989 showed that Americans now consider cable programming, other than news, to be better than shows on conventional TV.

According to Mooney, cable companies dramatically increased their investment in programming after passage of the Cable Act, spending nearly a billion dollars in 1989 compared to $300 million five years earlier. He notes that subscribers today receive an average of 32 channels on their cable systems compared to 27 channels in 1986 for about 46 cents a channel, a mere two cents more than they paid three years ago.

"The freedom that the Act gave the industry has led directly to the wide range of programming that people now identify with cable tele-

TIMELINE: POLICY

2/80: House subcommittee holds hearings on ownership concentration. FCC denies waiver of telco/cable cross-ownership rules for Sugar Land Telephone (Texas) and dismisses company's cable system application within its service area (Houston suburbs).

3/80: FCC cans attempt to limit foreign ownership of U.S. cable systems.

4/80: FCC votes 5-2 for AT&T deregulation; "Computer II" decision is reached and commission declares that cable systems are not required to carry local STV signals.

7/80: FCC eliminates syndex and distant signal rules in 4-3 vote.

8/80: House turns back 1980 Telecommunications Act amendment characterizing cable operators as common carriers. Justice Department files civil suit against Premiere.

9/80: Turner Broadcasting files FCC petition to abolish must-carry rules. House Judiciary Committee kills 1934 Communications Act revision plan. FCC authorizes creation of low-power TV stations.

3/81: Texas court denies Southwestern Bell right to go forward with Electronic Information Services trial.

5/81: U.S. Court of Appeals affirms FCC's jurisdiction over pole attachment regulations.

7/81: FCC allows CBS waiver to own cable systems up to 90,000 subs. CBS gets Blackhawk Cable, test franchise in Dallas area, but loses Alameda, Calif., bid to United Cable.

11/81: NCTA works out copyright agreement with MPAA and NAB. Utah district court repeals indecent material ban after HBO and four state operators bring lawsuit.

12/81: NCTA finds itself at odds with Turner and CATA over copyright compromise.

1/82: Justice Dept. allows divestiture of AT&T and formation of Baby Bells, ending Justice's eight-year lawsuit against AT&T.

3/82: Sen. Barry Goldwater (R-Ariz.) introduces Cable Telecommunications Act of 1982.

4/82: House Judiciary Committee passes H.R. 5499, revamped cable copyright bill.

7/82: U.S. Supreme Court rules 6-3 that states cannot force landlords to permit cable installations unless compensated for property use (Loretto case).

8/82: FCC approves satellite transponder sales. U.S. District Court Judge Harold Greene upholds AT&T divestiture decision and electronic publishing ban through 1990.

10/82: FCC approves Comsat's DBS petition. House approves cable copyright bill, H.R. 5499, by 347-53 vote.

12/82: 3.25 percent copyright rate for distant signals proposed by Copyright Royalty Tribunal threatens cable copyright bill; rate hike takes effect 3/15/83, forcing some distant signals out and increases penetration for many basic networks.

2/83: Sen. Goldwater reintroduces cable vision," says Howard Symons, a Washington, D.C., attorney who as senior counsel to the House telecommunications subcommittee from 1981 to 1985 played a key role in crafting the Cable Act. "Fifteen years ago cable was a few pay movie services and distant signal retransmissions. Today cable is original programming and a real alternative to the dominance of the three television networks. The Act gave the industry the stability and the revenues necessary to develop programming."

But while cable representatives insist that cable TV is a great bargain for consumers, the industry increasingly has been drawing fire on Capitol Hill for rate hikes and customer service. And almost as quickly as it rose, cable has fallen from grace in Congress.

Some, like Symons, say cable TV was a victim of its own success. But many congressional and cable sources say that in its haste to grow up, the industry carelessly ignored the needs of the very people nurturing its development: subscribers. "The industry spent a lot of money to rapidly expand the range of product available to the public, but did not pay enough attention to bringing along the quality of customer service," admits a cable source, insisting that the industry, under pressure from Congress, now is trying to make up for its missteps by beefing up customer service.

"There is no doubt that benefits flowed to consumers (as a result of the Cable Act), but it was at a substantial cost," says a top aide to Rep. John Dingell, D-Mich., chairman of the House Energy and Commerce Committee. "The rate increases (imposed after passage of the law) enabled cable operators to extract more money to create and buy programming, but it was at too high a price to subscribers."

NCTA's Mooney acknowledges that in some cases rates soared while customer service plummeted. And he and other cable operators, like TCI's John Malone, admit that there were abuses in the aftermath of deregulation, most notably by speculators out to make a quick buck, who flipped systems at incredibly high prices that translated into often dramatic rate increases for unsuspecting customers.

But they say that on the whole the industry has acted responsibly, predicting that rates will level off now that operators have been able to recover from pre-Cable Act days when city officials artificially suppressed rates.

Even cable TV detractors admit that the Cable Act was needed to give the industry a shot at competing with its powerful older broadcasting rival and, as Symons says, that "there would have been far less diversity of programming" had the law never been passed.

But the tables have turned since the early days of the decade, when Congress and the Federal Communications Commission were adamant that cable should be deregulated.

"We cannot turn a deaf ear to constituents," Sen. Daniel Inouye, D-Hawaii, chairman of the Senate communications subcommittee, said during a fiery hearing on cable issues, warning that the Senate would pass some sort of reregulatory legislation as early as this year.

"In the '90s we are going to see cable reregulated and it is their own fault," said a long-time media watcher. Agreed the Dingell aide: "It is becoming clear that some of what the industry got in the Cable Act will be taken back. It is just a question of what." ■

policy bill, S. 2176 (later S. 66).

3/83: CNN files antitrust suit against Satellite News Channels, charging monopolistic affiliate contracts; SNC countersues.

5/83: Nebraska Public Utility Commission rules Cox Cable is common carrier for supplying voice and data transmission services through its Indax and Commline ventures. FCC approves two-degree satellite spacing plan.

6/83: Senate passes S. 66, 87-9.

10/83: House begins its cable bill debate (H.R. 4103).

6/84: NCTA and National League of Cities reach accord on cable deregulation tied to H.R. 4103.

7/84: U.S. Supreme Court rejects Oklahoma rule that required operators to delete wine commercials from networks and distant signals. Seen as first amendment victory. Also, court voids NCAA college football contracts with networks as trade restraint, opening new market for games and conferences. **Result:** more games and more cable games. FCC quashes pole attachment ruling by Wisconsin Electric.

10/84: Congress passes cable deregulation bill. California legislature's pole attachment regulation is vetoed by Gov. George Deukmejian.

11/84: President Reagan signs Cable Act (S.66/H.R. 4103). FCC rejects Pacific Bell application to build Palo Alto, Calif., cable system.

12/84: NCTA joins MPAA and CATA in creating Coalition Opposing Signal Theft (COST), anti-piracy advocate group; later, NCTA establishes own signal theft office.

3/85: Pole attachment fights continue in several states; industry wins in New Hampshire. Preferred ruling from U.S. Court of Appeals says Los Angeles' franchising process violates operators' first amendment rights. FCC reaffirms Nevada decision, giving operators right to restructure basic service as long as must-carry channels are included.

4/85: FCC sets effective competition standards for cable at three or more unduplicated signals in a market.

7/85: U.S. Appeals Court declares must-carry rules unconstitutional in Quincy case; FCC votes 3-1 not to appeal. Decision forces broadcasters to seek repeal of compulsory license.

8/85: Sen. Albert Gore (D.-Tenn) offers scrambling bill, out to prevent anticompetitive tactics.

9/85: FCC adopts EEO rules set down in Cable Act.

10/85: U.S. Court of Appeals calls 1978 Pole Attachment Act unconstitutional; act gives FCC authority (under Congress) to set rates and conditions for cable TV pole use.

3/86: NCTA and NAB appear to strike must-carry compromise; NCTA and MPAA break off copyright compromise talks over compulsory license issue.

6/86: U.S. Supreme Court rules that cable is first amendment player and refuses to review lower-court Quincy must-carry decision.

10/86: Congress rejects scrambling bill by Gore, 54-44, which would have required service distribution through third-party packages.

12/86: California U.S. District Court finds that Palo Alto was unconstitutional in awarding one cable franchise for city. FCC imposes must-carry rule stay.

2/87: Dennis Patrick becomes FCC Chairman, kicks off term by opening possibility of syndex reimposition.

3/87: U.S. Supreme Court reverses Court of Appeals' pole attachment decision, giving authority back to FCC.

4/87: Erie case has U.S. District Court saying that franchise fees in excess of a city's costs of regulation do not violate cable's first amendment rights.

7/87: FCC begins cable/telco cross-ownership inquiry.

9/87: Judge Harold Greene slightly modifies Modified Final Judgment, rules RBOCs can provide information services pipeline to home, but can't program services.

12/87: Must-carry rules thrown out again by U.S. Court of Appeals.

4/88: FCC approves GTE/Apollo Cablevision system testbed in Cerritos, Calif.

5/88: FCC reinstates syndicated exclusivity rules, now taking effect 1/1/90.

6/88: FCC proposes lifting of cable/telco cross-ownership ban.

9/88: Another anti-scrambling bill from Sen. Gore is defeated in Senate, 43-36.

2/89: FCC fines Prime Cable's corporate office in Texas for EEO violations.

3/89: Congress and Bush Administration begin HDTV funding examination.

4/89: Sen. Howard Metzenbaum (D.-Ohio) introduces cable reregulation bills; seven months later, Sen. John Danforth (R.-Mo.) brings his reregulation proposal.

8/89: General Accounting Office cable rate study finds systems increased basic rates 29 percent from 12/86 to 12/88.

TIMELINE: PEOPLE

1/80: Spencer Kaitz succeeds late father Walter Kaitz as California Cable TV Association executive secretary.

7/80: Viacom Cable President Chris Derick joins Premiere as president and COO.

12/80: Steve Simmons leaves Carter White House to become senior vice president at Douglas Communications, later forms own MSO, Simmons Communications, which finishes the '80s with more than 300,000 homes; Trygve Myhren succeeds Monroe Rifkin as ATC president, with Rifkin becoming chairman.

2/81: Robert Alter becomes president of Cabletelevision Advertising Bureau.

3/81: Reagan names Mark Fowler FCC chairman.

4/81: Jeffrey Reiss leaves Viacom to form Reiss Media Enterprises, which helps create Cable Health Network and Request TV; John Saeman becomes Daniels & Associates vice chairman.

10/81: Bill Grimes joins ESPN as executive vice president and COO, later becomes president.

Trygve Myhren (top) and Gustave Hauser

3/82: ATC Chairman Monroe Rifkin hooks up with oilman Marvin Davis to pursue various opportunities, then forms Rifkin & Associates MSO.

4/82: NAB names Edward Fritts president.

11/82: Dean Waite joins CTAM as first executive director.

12/82: Gustave Hauser resigns from Warner Amex chairmanship and eventually forms his own MSO, Hauser Communications.

1/83: Drew Lewis arrives as Warner Amex chairman, following transportation secretary run under Reagan.

4/83: Eastman Cable Rep founder Carl Weinstein dies of heart attack at CAB conference. Frank Cardamone, 23-year-old Pa. man, achieves notirety as "HBO Kid," leader of one of the largest theft-of-service rings ever nabbed—got nickname because of license plates on his Corvette.

8/83: Frank Biondi becomes HBO president, beating out Michael Fuchs and Tony Cox.

12/83: Bill Bresnan leaves chairman's role at Group W Cable; forms Bresnan Communications.

1/84: John Sie leaves Showtime/The Movie Channel for TCI as senior vice president.

5/84: Tom Wheeler leaves NCTA presidency NABU and Jim Mooney moves in.

6/84: Preston Padden takes INTV president's position.

7/84: Walter Kaitz Foundation formed to promote minority employment opportunities within industry—dinner two months later becomes annual tradition, with Tom Wheeler first honoree. Bob Rosencranz fired from UA-Columbia and eventually forms Columbia International, yet another new MSO.

10/84: Michael Fuchs takes the chairman's ring at HBO when Frank Biondi exits for Coca-Cola.

6/85: John Cooke succeeds Jim Jimirro as Disney Channel president.

9/85: TCI co-founder Betsy Magness, 61, dies of a heart attack at Frankfurt Airport in West Germany.

9/86: James Gray elevated to president of Warner Cable, succeeding Drew Lewis, who moves on to Union Pacific railroad.

1/87: Bob Pittman leaves MTV to create Quantum Media.

5/87: CableData Founder/Chairman Bob Matthews, 49, dies from prostate cancer. Wife Susan takes over and establishes prostate cancer foundation in his memory.

8/87: Tony Cox becomes Showtime Networks chairman and CEO.

12/87: Margaret Durborow appointed CTAM president, first in organization's history.

6/88: Trygve Myhren leaves ATC when corporate headquarters moves from Denver to Stamford, Conn. Forms new company for system investment and other ventures.

8/88: Bill Grimes exits ESPN for Univision; Roger Werner moves back to ESPN from ABC as president.

11/88: Sammons Communications founder Charles Sammons, 90, dies.

7/89: Women In Cable marks 10 years in forefront of pushing women's role in the business.

8/89: Dennis Patrick steps down from FCC chairmanship, replaced by Alfred Sikes. Rep. Mickey Leland (D.-Texas), a key 1984 Cable Act supporter, dies in a plane crash near a refugee camp in Ethopia.

11/89: George Barco, 82, Pa. cable system/local programming pioneer and veteran NCTA board member, dies of a heart attack.

DECADE In REVIEW

MONEY

KKR's Storer buyout validated viability of cable as asset play

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By Robert O'Brien

According to the experts, the most significant financial event of the decade: a) didn't happen in the '80s (Home Box Office's move to satellite delivery in 1975); b) didn't happen yet (escalation of system values to the $3,000-per-subscriber level); c) didn't involve finance (passage of the Cable Act and the end of rate regulation); or, d) won't take effect until the '90s (Time Inc.'s merger with Warner Communications Inc.)

But what did happen came halfway through a decade that would take the business from its adolescence as a pimply-faced stepchild of the broadcasting industry, whose signals it retransmitted, through its maturation into a vigorous competitor in a fully realized video marketplace. Cable found itself both the target and the beneficiary of interest from outside the industry.

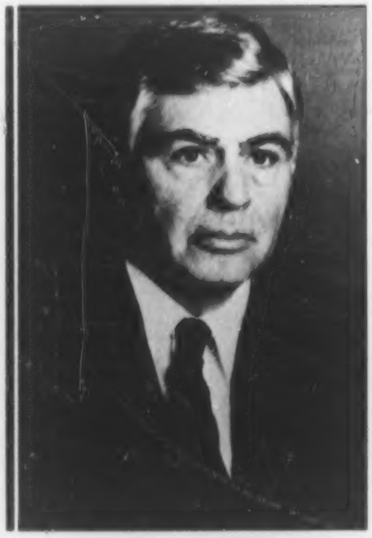
In the spring of 1985, Storer Communications eschewed all other bids for its extensive media holdings, and agreed to sell its assets, including its cable systems, to LBO specialists Kohlberg Kravis Roberts.

The KKR purchase, with a cable component valued at $1.6 billion, marked the single largest deal to date in the industry's history. Coming two years after the KKR buyout of Wometco Enterprises, the Storer deal also helped to validate the viability of cable as an asset play.

That distinction, though dubious given the political consequences of trafficking initiatives, helped affirm cable's position in a bustling media marketplace. As the values of television properties — particularly independent stations hit hard by the reversal of the syndication marketplace— declined, cable values appreciated.

The number of system transactions rose appreciably. In 1985, 5.4 million cable subscribers changed hands, more than twice the number of subscribers that had been sold in 1984.

And prices rose to keep pace with the market's demand. In 1984, cable systems traded for just over $1,000 per subscriber. By 1986, that figure stood at $1,350; a year later, it rose to $1,700. By 1988, cable systems traded at an average of over $2,000


When Peter Storer embraced KKR, it was the largest deal to date in cable

TIMELINE: DEALS

3/80: Irving Kahn sells Aubodon Electronics/Cable Systems Inc. to NYT Cable for $100 million...deal is first where a system buyer accepted earnings estimates further than one year out. Tom Dowden forms MSO Dowden Communications out of Atlanta.

4/80: GE and Cox call off merger.

5/80: Hearst Corp. becomes cable operator in California.

7/80: Capital Cities Cable buys Cablecom General from RKO for $139.2 million. Cablevision Systems pacts with Bedford-Stuyvesant Restoration Corp. to develop cable TV in Brooklyn.

8/80: Warner Amex turns on Cincinnati suburbs with QUBE capability.

10/80: Westinghouse and Teleprompter merge under $636 million deal.

11/80: Dallas city council awards franchise to Warner Amex...dual 440 MHz system planned. Warner wins Cincinnati franchise later in month under same franchise conditions. Oak Industries tries cable system field by acquiring Oxnard, Calif., system (later transferred to Jones Intercable).

12/80: Time Inc. purchases Austin, Tex., system with 90,000 subs at time from Home Theater Inc. Cox wins New Orleans franchise, budgets $54.4 million for 84-channel enterprise.

1/81: Warner Amex launches Pittsburgh system with 80 subs. Prime Cable buys International Cable in Buffalo, N.Y. TCI and Taft Broadcasting form MSO and programming joint ventures. United Cable files $55 million public offering.

2/81: ATC wins Indianapolis franchise.

3/81: Newhouse buys Vision Cable for $175 million. General Cable acquires Penn Central for $700 million. Sammons wins Fort Worth, Tex., franchise.

6/81: Time Inc. buys six transponders on Hughes' Galaxy I satellite. *NBC Magazine with David Brinkley* does infamous cable franchising report, concentrating on rent-a-citizen tactics. UA-Columbia merges with joint UA Theaters-Rogers Cablesystems venture for $265 million. Rogers wins Southeast Los Angeles franchise.

7/81: Americable wins Miami franchise, which later will be taken over by TCI when Americable runs into customer service problems.

8/81: Cablevision Systems wins Boston franchise.

9/81: Time buys UA-Columbia's 50 percent share of USA Network for $15 million.

10/81: Dow Jones buys 25 percent of Continental Cablevision for $80 million. MCA chops one-third of USA at $30 million.

11/81: RCA auctions off seven Satcom IV transponders to a number of firms for $90.1 million...winners are Warner Amex Satellite, HBO, UTV, Billy Batts, Transponder Leasing Co. and The Entertainment Channel...Batts paid $14.1 million/HBO $12.5 million. Viacom joins with Dr. Art Ulene on Cable Health Network ownership.

12/81: Long franchising battle in NYC outer boroughs begins when city's Board of Estimate targets six firms for preliminary negotiations. TCI launches TKR Cable joint venture with Knight-Ridder.

3/82: Mile Hi Cablevision joint venture of ATC/Daniels wins Denver franchise.

6/82: Warner Amex gets Milwaukee franchise.

8/82: Fairfax County, Va., franchise goes to Media General, which plots 120-channel system.

1/83: Chicago picks Cablevision Systems, Continental and Chicago Cable Corp. as city franchise winners. CV Systems and Warner Amex expect to get portions of NYC (Bronx and Brooklyn) franchises. Industry expects to spend $1.5 billion for 1983 construction, down from $1.7 billion in 1982.

2/83: Rogers/UA split up partnership. TCI takes control of Liberty Communications (22nd-ranked MSO with 250,000 subs) for $182 million.

5/83: Mile Hi Cablevision turns on.

7/83: NYC franchise board and Board of Estimate hammer out tentative outer borough franchise contracts. St. Paul picks Nor-West Cable for 111,000-home franchise. Gaylord buys TNN from American General Corp. TCI gets Tele-Media and 300,000 subs for $145 million and Cowles Media's CableScope system in Buffalo, N.Y. (60,000 subs) for $41.5 million. Barden Cablevision wins Detroit franchise recommendation. Prime Cable becomes manager of Atlanta system (105,000 subs). Daniels & Associates marks 25th anniversary.

8/83: St. Paul city council reverses franchise decision, picking Continental over Nor-West...Nor-West suit is defeated. Comcast forms joint venture to run systems in Great Britain.

9/83: United Cable wins East San Fernando Valley, Calif., franchise (165,000 homes); RCA folds Cablevision Systems equipment division, running since 1972.

12/83: General Instrument buys Tocom for $28 million, after Tocom continues string of bad quarterly reports.

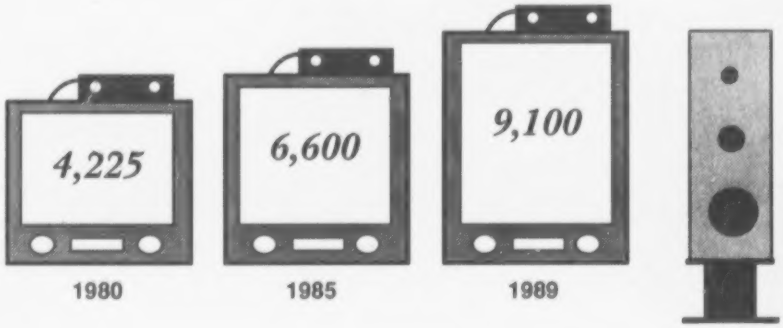
1/84: Warner Amex begins franchise retrenchment cycle in Milwuakee, reducing channel capacity and eliminating ancillary services, including QUBE. Getty Oil turns over 15 percent of ESPN to ABC Video Enterprises with option to increase the stake to 45 percent...deal worth $50 million.

4/84: TCI and STL Cablevision win St. Louis franchises covering 450,000 residents. TCI later assumes control of STL's property.

5/84: ABC acquires 100 percent of ESPN from Getty Oil, then sells 20 percent to RJR Nabisco.

7/84: District Cablevision, backed by TCI and BET President Bob Johnson, wins Wash-

CABLE TV SYSTEMS



Source: National Cable TV Association
Prepared by Cindy Fetner

per subscriber.

The volatility of pricing and demand led to a large-scale restructuring of the industry's hierarchy, a trend which began in 1985. From that year through the end of the decade, 28 million subscribers—roughly half of the industry's total subscriber count—changed hands.

Much of that churn was fueled by buyouts and consolidations among the industry's leaders.

Prior to KKR's Storer buyout, the largest deal in the industry's history was the Rogers/United Artists $400 million buyout of UA-Columbia in June 1981. In 1985, there were five bids for cable operations topping the billion-dollar mark, including TCI/ATC's joint bid for Warner Amex and Comcast's $2 billion offer for Storer, both of which failed. In addition to KKR's purchase of Storer, Jack Kent Cooke began his re-entry effort with a $1.2 billion bid for Multimedia's cable systems, and Group W took the first steps in the process that would result in the $2 billion sale of its extensive cable properties.

The mid-point of the decade was also marked by the intricacies of the takeover fever that bespangled American commerce. ABC fended off unwanted advances of hostile suitors by agreeing to its own acquisition by the much-smaller Capital Cities Broadcasting, a move that precipitated the sale of $350 million worth of cable systems to Post-Newsweek.

That move helped galvanize interest in media properties, prompting even entrenched players to seek acquisitions to bootstrap themselves into a position of preeminence in the media previously enjoyed only by the three conglomerates that owned broadcast networks and stations.

Turner Broadcasting System Inc., in fact, made overtures to step into that league in a single bound. When CBS succeeded in thwarting that initiative, Turner turned its sights on the MGM/UA studio and library.

While roundly criticized for overspending, and having been characterized a rube who had his pocket picked in one of Kirk Kerkorian's complicated deals, Turner was left with the library and the debt, while Kerkorian possessed the studio ington, D.C., franchise.

8/84: Barden and Rogers get franchise concessions in Detroit and Portland, Ore. MTV Networks completes public offering (5.1 million shares at $15 per share).

9/84: Comsat merges proposed DBS venture with United Satellite Communications.

10/84: HBO takes equity in BET.

12/84: CBS buys equity in Rainbow Programming Services and SportsChannel for $57 million (50 percent of Rainbow/30 percent of most SportsChannel regional franchises).

2/85: Chicago approves reworked franchise plans...Group W Cable gets two sectors of city, TCI one, under scaled-down conditions. Scripps-Howard goes solo with Sacramento, Calif., newbuild when Cablevision Systems bails out.

3/85: Capital Cities strikes $3.5 billion merger plan with ABC, leads to dismantling of Capital Cities Cable; Coniston Partners launches Storer Communications liquidation attempt.

4/85: Storer accepts buyout offer from Kohlberg Kravis Roberts, stopping Coniston Partners. TBS makes CBS buyout offer. USCI shuts down after TCI fails to come in and save five-channel service...$70 million spent.

6/85: TCI and ATC make joint $1.3 billion bid for Warner Amex...fails. First Data Resources acquires Gill Management Services, becomes second-largest billing services company in industry. Warner Amex sells Dallas system to Heritage Communications for $110 million.

7/85: United Cable gets Baltimore franchise. Comcast makes $2.1 billion bid for Storer. Jack Kent Cooke returns to MSO owner ranks with $1.1 billion Multimedia takeover attempt. North Coast Cable wins 218,000-home Cleveland franchise, with Viacom later on board as managing partner...Ohio Bell builds fiber optic plant.

8/85: Storer rejects Comcast bid, opts to remain with KKR. Turner ends CBS buyout attempt, gets MGM/UA for $1.5 billion; Sammons pays $21 million for CBS' Blackhawk, Tex., experimental testbed (19,000 subs at time). Rifkin acquires Omni Cable TV (58,500 subs) for $55 million. Post-Newsweek Cable buys Capital Cities Cable properties (355,000 subs) at $350 million. Group W begins MSO sale exploration, figuring to land $2.1 billion. Viacom takes control of Showtime/The Movie Channel and MTV Networks for $685 million, preempting leveraged buyout by Bob Pittman, other MTV executives and Forstmann Little ($470 million).

11/85: Tribune Cable starts unraveling, as Tribune President Doug Dittrick makes deal for systems covering 50,000 homes for $50 million. Dittrick forms Douglas Communications and leaves Tribune 1/86. Texscan files for Chapter 11 bankruptcy.

THE TOP 10 MSOs

1980

		Basic Subs
1.	*Teleprompter Corp*	1,274,754
2.	*American Television & Communications Corp*	1,110,000
3.	*Community Tele-Communications Inc. (TCI)*	962,106
4.	*Cox Cable Communications*	806,359
5.	*Warner Amex Cable Communications*	685,000
6.	*Times Mirror Cable TV*	496,000
7.	*Viacom Cable*	444,508
8.	*Storer Cable TV*	431,000
9.	*Sammons Cable TV*	377,513
10.	*UA-Columbia Cablevision*	342,000

1985

		Basic Subs
1.	*Tele-Communications Inc*	3,300,000
2.	*American Television & Communications Corp*	2,400,000
3.	*Group W*	2,013,000
4.	*Cox Cable Communications*	1,540,533
5.	*Storer Cable Communications*	1,459,000
6.	*Warner Amex Cable Communications*	1,191,000
7.	*Times Mirror Cable TV*	993,789
8.	*Continental Cablevision*	939,000
9.	*Newhouse Broadcasting*	873,198
10.	*Viacom Cablevision*	785,000

1989

		Basic Subs
1.	*Tele-Communications Inc*	6,228,526
2.	*American Television & Communications Corp*	4,202,000
3.	*Continental Cablevision*	2,486,358
4.	*UA Entertainment*	2,477,000
5.	*Warner Cable Communications*	1,700,000
6.	*Storer Cable Communications*	1,531,000
7.	*Cox Cable Cammunications*	1,515,876
8.	*Comcast*	1,463,000
9.	*Cablevision Systems*	1,382,094
10.	*Jones Intercable/Spacelink*	1,325,552

Prepared by Cindy Fetner

and production facilities.

About to default on a payment to Kerkorian, Turner was bailed out in the eleventh hour by cable operators, who combined, formed a majority on the TBS board.

Within two years, Turner was pitching cable operators on his vision of a new programming network, TNT, and Wall Street began to pick up on TBS stock. Much of the lift was pinned not only to the ultimate success of the new network, but also to the value of the library itself. TNT launched in the fall of 1988 with the largest subscriber base in cable history. In just over a year, Turner signed affiliation agreements with all of the top 50

MSOs.

Analysts speculated that had the library moved into syndication, the proceeds would have returned what Turner paid for them within three years. But held from syndication, and used solely to propel the fortunes of TNT, the films turned out to be, incredibly, even more valuable.

The maneuver ultimately evolved from TBS stock trading poorly in the mid-teens through much of the mid-decade to a margin-play that would triple in value in 1989.

Like Turner, some cable opera-

12/85: BQ Cable, first NYC outer borough franchise, turns on to 200 Flushing, Queens households...Warner Amex is owner.

1/86: Group W Cable makes $2.1 billion sale, slicing up the MSO among TCI, Comcast, ATC, Century Communications and Daniels. Hauser Communications buys Montgomery County, Md., system from Tribune/United Cable for $40 million, dumps TRACS. Heritage buys half of Gillcable/San Jose, Calif., system ($60 million). ATC and Houston Industries form Paragon Communications, using Group W properties. Cablevision Systems raises $80 million through sold-out public offering ($14.50 initial share price).

2/86: American Express leaves Warner Amex cable ventures, while Warner exercises an option to take AE's 50 percent stake. MCA acquires superstation WWOR for $387 million. Construction spending pegged at $1.2 billion for year, down from $1.3 billion in '85.

4/86: Daniels and Salomon Bros. form joint investment banking venture. Continental pays $130 million for McClatchy Newspapers' systems (86,000 subs in California and Nevada).

5/86: Heritage makes $41 per share bid for Rollins Communications.

7/86: TCI invests in Cencom Cable, then agrees to acquire UA Cablesystems through 51 percent controlling interest worth $1.2 billion.

8/86: General Instrument buys M/A-Com's cable home communications group for $220 million, gets control of VideoCipher division.

1/87: TBS gets $550 million capital infusion from 14 MSOs to pull off MGM/UA film library deal...ATC and TCI take seats on TBS board.

2/87: Construction spending goes below $1 billion in 1986, looking for $1.4 billion and better times in '87.

3/87: Sumner Redstone gains Viacom for $3.3 billion, brings in Frank Biondi from Coca-Cola to run shop.

6/87: Florida becomes industry's overbuild center when Telesat, subsidiary of Florida Power & Light, launches systems in several locations; Time Inc. sells one-third of USA Network to Paramount and MCA.

8/87: Cablevision Systems pays $474 million for Adams-Russell. Centel Cable has $100 million public offering.

10/87: Per-sub system sale rates reach $2,500-to-$3,000 range. Continental takes control of American Cablesystems (505,000 subs), pays $481.7 million. ML Media Partners is formed, then buys C4 Media, which later regroups.

11/87: TCI buys Tempo TV and Tempo Enterprises for $61 million.

12/87: Harte-Hanks Cable sells out to Adelphia, Prime Cable and Sutton Capital.

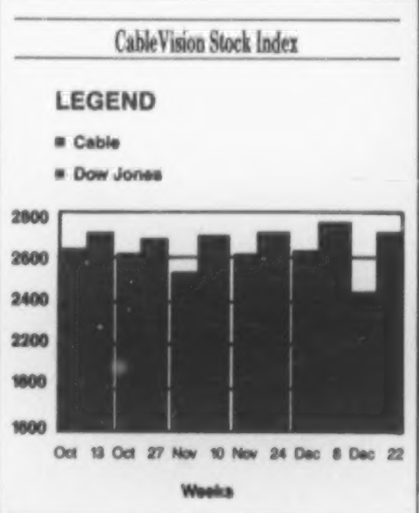
1/88: TCI and Comcast make co-ownership tors stumbled on the way to success. Companies like Centel, Cablevision Systems and Time Inc.'s ATC gave up public floats aimed at attracting Wall Street's attention and gaining some recognition of their underlying asset bases.

There was, in most cases, an initial blush of success. Cablevision Systems, for example, weathered a round savaging on the eve of its IPO, only to have the offering sell out in its first day at $14.50 a share. Yet, those floats failed to meet their objectives, as the gap between trading prices and asset values remained sizable.

The advent of rate deregulation helped to change that. With the withering of municipal strictures, service rates began to more closely reflect costs, while increased consumer contributions were plowed back into programming, precipitating increases in both the quantity and quality of cable programming.

On the heels of implementating cable deregulation in 1986, the industry's financial fortunes began to improve. Stagnant stock values picked up in general.

Progress slowed in the fall of 1987 in the wake of the October Dow Jones crash, but the severity of the crash, and the duration of the down-


CableVision Stock Index

Stock Market

EXCH	COMPANY	CLOSING QUOTE 11/30/89	CLOSING QUOTE 12/14/89	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD	P/E RATIO	ANNUAL DIV	ANNUAL YLD%	EARNINGS PER SHARE	52 WEEK HIGH	52 WEEK LOW
MSOs & PROGRAMMERS											
ASE	ACTON	14.00	16.00	2.00	14.29	70	0.00	—	0.50	24.19	11.00
OTC	ADELPHIA COMM	25.00	25.25	0.25	1.00	—	0.00	—		28.50	8.50
OTC	AMERICAN TELE & COMM.	47.25	43.25	-4.00	8.46	—	0.00	—		55.25	25.25
ASE	CABLEVISION SYS (a)	28.25	26.63	-2.62	-6.67	—	0.00	—		47.25	29.75
OTC	C-TEC CORP	24.00	24.75	0.75	3.12	10	0.00	—	2.40	30.00	19.00
ASE	CENTURY COMMUNICATIONS	12.50	11.50	-1.00	-8.00	—	0.00	—		16.00	8.00
OTC	COMCAST	17.00	16.13	-0.87	-5.11	—	0.12	0.71		19.88	8.25
NYS	DISNEY	129.00	130.75	1.75	1.36	30	0.48	0.37	4.36	136.25	64.88
ASE	FALCON(L)	19.13	18.50	-0.63	-3.29	—	2.12	11.08		22.13	18.13
OTC	FINANCIAL NEWS NET.	6.38	7.00	-0.62	-8.71	28	0.00	—	0.20	10.50	5.13
ASE	GALAXY	18.63	19.75	1.12	6.01	62	1.20	6.08	0.30	23.25	17.00
ASE	HOME SHOPPING NETWORK(H)	6.63	7.63	1.00	15.08	29	0.00	—	0.24	7.63	3.50
OTC	JONES INTERCABLE	16.38	15.75	-0.63	-3.84	—	0.00	—		20.88	12.13
ASE	JONES INTERCABLE INV	14.00	13.88	-0.12	-0.86	15	1.60	11.40	0.95	15.88	12.75
NYS	KNIGHT-RIDDER INC	51.13	54.50	3.37	6.59	21	1.22	2.39	2.40	58.38	42.88
NYS	MCA	69.00	66.88	-2.12	-3.07	31	0.68	0.99	2.20	71.38	45.38
OTC	MEDIA GENERAL	32.50	31.75	-0.75	-2.30	19	0.40	1.28	1.74	40.50	30.50
OTC	MULTIMEDIA	92.00	87.50	-4.50	-4.89	72	0.00	—	1.27	108.05	60.00
OTC	NOSTALGIA CHANNEL	2.19	2.19	0.00	0.00	—	0.00	—		6.00	0.50
ASE	NEW YORK TIMES	26.38	26.25	-0.13	-0.49	19	0.48	1.82	2.02	34.75	24.38
ASE	PHOENIX AMERICAN	3.75	3.75	0.00	0.00	7	0.00	—	0.52	4.75	2.50
NYS	PLAYBOY ENTERPRISES	16.00	16.50	0.50	3.12	107	0.00	—	0.15	19.38	12.13
OTC	QVC	13.75	15.88	2.13	15.49	—	0.10	0.73		21.25	6.00
OTC	SCRIPPS HOWARD BRDCST	67.00	67.00	0.00	0.00	—	1.00	1.49		86.00	57.00
OTC	TCA CABLE TV	18.25	16.75	-1.50	-8.21	36	0.40	2.19	0.61	21.38	15.38
OTC	TELE-COMMUNICATIONS	17.38	16.38	-1.00	-5.75	—	0.00	—		24.61	12.50
NYS	TIME INC.	133.13	125.00	-8.13	-6.10	27	1.00	0.75	4.60	182.75	106.00
NYS	TIMES MIRROR	36.50	36.00	-0.50	1.36	14	1.00	2.74	2.50	45.50	32.38
NYS	TRIBUNE CO.	44.00	46.50	2.50	5.68	15	0.88	[illegible]	2.96	63.13	39.38
ASE	TURNER BROADCASTING	55.00	54.13	-0.87	-1.58	—	0.00	—		60.75	17.00
OTC	UNITED ARTISTS ENTER.	19.75	18.63	-1.12	-5.67	29	0.00	—	0.60	28.75	17.25
ASE	VIACOM	58.50	59.50	1.00	2.86	—	0.00	—		65.25	30.50
ASE	VIDEO JUKEBOX(H)	5.25	6.50	1.25	23.80	—	0.00	—		6.50	2.50
NYS	WARNER COMM.	62.88	61.50	-1.38	2.88	24	0.68	1.07	2.60	67.88	35.50
OTC	WASHINGTON POST BRDCST	279.25	273.00	-6.25	-2.23	11	1.88	0.67	24.52	308.00	204.00
OTC	WESTMARC	32.50	31.50	-1.00	-3.12	41	0.00	—	0.79	38.00	17.00
SERVICE & FINANCIAL COMPANIES											
OTC	BURNUP & SIMS	19.00	17.38	-1.62	8.52	41	0.00	—	0.45	24.50	16.63
NYS	CAPITAL CITIES	540.00	547.00	7.00	1.29	24.60	0.20	0.04	22.40	562.70	362.00
NYS	PARAMOUNT	64.63	59.88	-4.88	7.38	19	1.40	2.86	2.88	68.38	39.50
MANUFACTURERS & DISTRIBUTORS											
OTC	ARTEL	6.19	6.50	0.31	5.15	—	0.00	—		9.13	1.50
NYS	ARVIN	18.50	18.63	0.13	0.68	11	0.80	4.29	1.41	28.75	14.63
NYS	AUGAT(H)	8.19	13.06	4.87	59.50	14	0.40	4.52	0.87	15.38	5.50
OTC	CABLE EXCHANGE(L)	0.63	0.38	-0.25	-39.68	—	0.00	—		5.38	0.38
OTC	C-COR ELECTRONICS	18.25	18.50	0.25	1.88	22	0.00	—	0.60	17.88	9.75
NYS	CONTEL CORP.	28.25	28.50	0.25	0.75	60	2.20	6.62	0.85	36.75	19.50
OTC	GANDALF TECH.	3.75	4.32	0.57	15.19	9	0.00	—	0.64	6.50	3.50
NYS	GENERAL INSTRUMENT	38.25	37.25	-1.00	-2.61	15	0.50	1.21	2.85	40.50	25.25
OTC	GRAPHIC SCANNING	10.75	10.00	-0.75	-6.97	9	0.00	—	1.24	12.50	6.25
NYS	HARRIS CORP	33.63	34.63	1.00	2.97	12	0.88	2.52	2.74	39.50	25.63
NYS	M/A-COM (L)	5.50	5.00	-0.50	-9.09	10	0.24	4.36	0.68	9.88	4.88
NYS	OAK INDUSTRIES	1.00	1.12	0.12	0.10	8	0.00	—	0.12	1.75	0.75
ASE	PICO PRODUCTS	1.13	1.63	0.50	44.24	—	0.00	—		2.75	0.88
NYS	PIONEER ELECTRONICS	75.75	82.75	7.00	9.24	82	0.16	0.24	1.47	88.63	48.50
OTC	RADIATION SYSTEMS	11.88	11.75	-0.13	-1.09	16	0.10	0.84	0.73	12.88	8.50
NYS	SCIENTIFIC-ATLANTA	24.38	24.63	0.25	1.03	17	0.12	0.49	1.41	34.75	12.63
OTC	WEGENER	2.88	2.50	-0.38	-13.19	288	0.00	—	0.01	4.75	2.00
NYS	TEKTRONIX	16.75	16.63	-0.13	-0.77	90	0.60	3.60	0.18	24.25	16.75
NYS	VARIAN ASSOCIATES	22.25	21.88	-0.37	-1.66	10	0.25	1.17	2.50	30.63	19.50
OTC	WAVETEK(L)	4.25	4.00	-0.25	-5.88	—	0.00	—		6.25	3.88

MARKET DIARY:

ADVANCES 26
DECLINES 31
UNCHANGED 3
NEW HIGHS 3
NEW LOWS 4

LARGEST DOLLAR GAINER....Capital Cities . . . . + $7.00
LARGEST DOLLAR LOSER....Time Inc. . . . . − $ 8.13
LARGEST PERCENTAGE GAINER....Augat . . . . + 59.20%
LARGEST PERCENTAGE LOSER....Cable Exchange . . . . . − 39.68%
(H) = NEW HIGH IN PERIOD
(L) = NEW LOW IN PERIOD
(d) = DEFICIT
(a) = reflects stock split

ALL OTC QUOTES ARE REPRESENTED BY THE BID PRICE

Provided by David J. Siegel, Shearson Lehman Hutton, Inc (201) 336-6211, (800) 922-2639. The information contained in this report has been taken from trade and statistical services and other sources which we deem reliable. We do not represent that it is accurate or complete. The information is subject to change.

* Shearson Lehman Hutton, Incorporated was manager or co-manager of a public offering of this issuer or one of its

deal for Storer, setting $2.9 billion price...ATC and Robert Bass are involved at time.

2/88: Daniels & Associates sells MSO division to UA for $190.4 million.

3/88: United Cable and UA Cablesystems form merger agreement to become UA Entertainment, valued at $1.6 billion...United also invests in Blockbuster Entertainment, home video store chain.

5/88: TCI and Comcast rework Storer acquisition for $2.8 billion. Warner buys Lorimar-Telepictures at $628.5 million. Robert Bass sells Taft Cable Partners stake to TCI. Cablevision Industries takes over Wometco Cable for $720 million.

6/88: Pacific Telesis mulls UA teamup for Rogers Cablesystems. Ed Allen leaves Western Communications and forms InterMedia Partners.

9/88: Cable Value Network buys The Fashion Channel, saves it from bankruptcy. Houston Industries acquires Rogers Cablesystems, renames it KBLCOM at first and Paragon Cable second.

10/88: US West, under former ATC strategic planner Gary Bryson, creates cable marketing group.

12/88: NBC forms joint programming venture with Cablevision Systems, covering CNBC, Rainbow, SportsChannel and SportsChannel America.

1/89: NYT Cable sold to partnership of Lenfest, Comcast and minority investor J. Bruce Llewellyn. Cooke Cablevision sold piecemeal to InterMedia Partners, TCI, Adelphia, Falcon and TCA Cable.

3/89: Time Inc. sets $18 billion merger with Warner Communications, goes through in summer after Paramount Communications' buyout attempt is thwarted.

4/89: PacTel & Prime Cable team for Group W Cable Chicago buyout, if courts approves waiver. Centel Cable sells out to ATC, C-Tec, Jones, Simmons, Warner and Adelphia...deals add up to $1.4 billion and 578,000 subs. Continental marks 25th anniversary.

5/89: TCI buys WestMarc Communications (50 percent share not previously owned).

6/89: United/UA merger completed. Walt Disney Co. buys interest in Viewer's Choice, with Times Mirror to follow. Lenfest takes complete control of NuStar. Telecable puts systems on block, then retracts. QVC agrees to merge with Cable Value Network.

7/89: InterMedia Partners buys Hearst Cablevision for $170 million; second Cooke Cablevision sale attempt successful. HBO assumes management control of Movietime.

10/89: Viacom sells half-ownership of Showtime Networks to TCI for $225 million. Gilbert Media puts properties on block after founder Peter Gilbert dies. Insight Communications plans to leave U.S. cable system ownership and concentrate on European system opportunities and cellular.

turn, hit nearly every other domestic industry more severely than cable. Not only did publicly held cable companies rebound swiftly, but the gap between stock prices and asset values began to close. Yet, the acceleration of system values helped cable companies strike a fine balance: cable stocks moved closer to the underlying assets, while the exit multiples kept advancing liquidation values.

By the close of the decade, revolutionary moves were helping to keep cable as volatile an industry as it was through the '80s. ■

This notice appears as a matter of record only. November 1989.

SCRIPPS HOWARD CABLE COMPANY

has aquired the cable television system
operating in and around the community of
Berthoud, Colorado

from

LARIBAY CABLEVISION
LIMITED PARTNERSHIP

the transaction consisted of 2000 homes passed
and approximately 1000 basic subscribers.

Joseph Duggan
represented the seller
in this transaction.

THE
DENVER GROUP INC.
252 Clayton Street, Suite 300
Denver, CO 80206
(303) 399-5224

Systems increasingly see need for training given to installers; half demand certification

As cable technology advances and plant topology becomes increasingly complex, general managers are finding it necessary to devote more attention to the resources and training given to installers and technicians. But a Cable Poll™ survey of nearly 400 system management personnel discloses that the sorts of problems that systems are experiencing with work crews are of the age-old variety—not installing a drop right the first time, or failing to always take adequate care of expensive equipment.

A notable statistic from the Cable Poll™ survey is that half of all systems now require installers and technicians to become certified in their line of work, a figure which Bill Riker, president of the Society of Cable TV Engineers, said he found both surprising and encouraging. Significantly, the mandatory certification figure rises to 69 percent of systems owned by top-25 MSOs. Such certification can be obtained through in-house training courses provided on a continuing basis by most cable companies, through correspondence training offered by the National Cable Television Institute or through many technical schools or local community colleges.

Number 8 in a series of ten

Ninety percent of those surveyed said their system provides in-house training for installers and technicians. Among just those systems with more than 50,000 subscribers, all of the 22 who were contacted said they provide such in-house training. Of those systems that don't provide their own training, nearly eight out of ten said they provide time off or other assistance so that personnel can seek training toward certification externally.

Allowing time off is important, Riker said, because it allows installers to receive instruction without interrupting their income and on-the-job training. The SCTE is encouraging its 50-odd chapters to offer the I/T training course during evenings or weekends and is rebating some funds to support the outreach.

The sharp upswing in installer training obviously is paying off. Among those surveyed, 27 percent said installers and technicians who are certified perform their jobs "a lot" better, while 32 percent said they are "some" better. A scant six percent, barely within the margin of error of the poll, said they found no difference in job performance between certified personnel and those without certification.

Riker noted that SCTE decided to build on its Broadband Technician/Engineer training courses by launching an I/T training program because "the installer is the person the subscriber sees the most, and his impression of how the company operates is judged by the first impression of the installer. But he is the person given the least training and is the lowest paid."

According to the poll, the complaints that system managers have with installers and technicians fall into three broad categories: Failing to get the job done right the first time; failing to create a good impression with the public; and failing to take adequate care of major equipment, such as trucks and test gear.

Among all systems surveyed, half said not getting the job done right the first time—a figure that rises to 73 percent among systems with more than 50,000 subs—caused "a lot" of problems, in all likelihood because it required a second truck roll. An additional 32 percent of respondents said it caused "some" problems, while only 12 percent of operators said they encountered the problem infrequently.

(It is in this area that Riker and others said that formal installer training is most beneficial to a system. A study done by Jones Intercable two years ago found that the majority of its truck rolls simply were to correct improperly installed F-connectors. As part of the SCTE's I/T course, a candidate must pass several written exams as well as physically demonstrate they can correctly install a drop and read a meter.)

Operators increasingly are sensitive to the image they project in the community, and, as Riker noted, it is the installers and technicians who most often come into direct contact with the public. Failing to make a good impression, either by not appearing neat and clean or by not being able to quickly resolve the subscriber's problem, was cited by 62 percent of all operators surveyed as causing "a lot" of problems.

The incidence of such image problems increase in direct proportion to the size of the system. At systems with fewer than 10,000 subscribers, the public perception created by installers and technicians was cited as a negative factor by 55 percent of respondents, a figure below the industry average, while 74 percent of managers at mid-size systems said it was a problem "a lot" of the time. And 77 percent of systems with more than 50,000 subscribers, which tend to operate in more urban areas, cited installers and technicians not making a good public impression as a major concern, the Cable Poll™ figures show.

A negative impression is one thing,

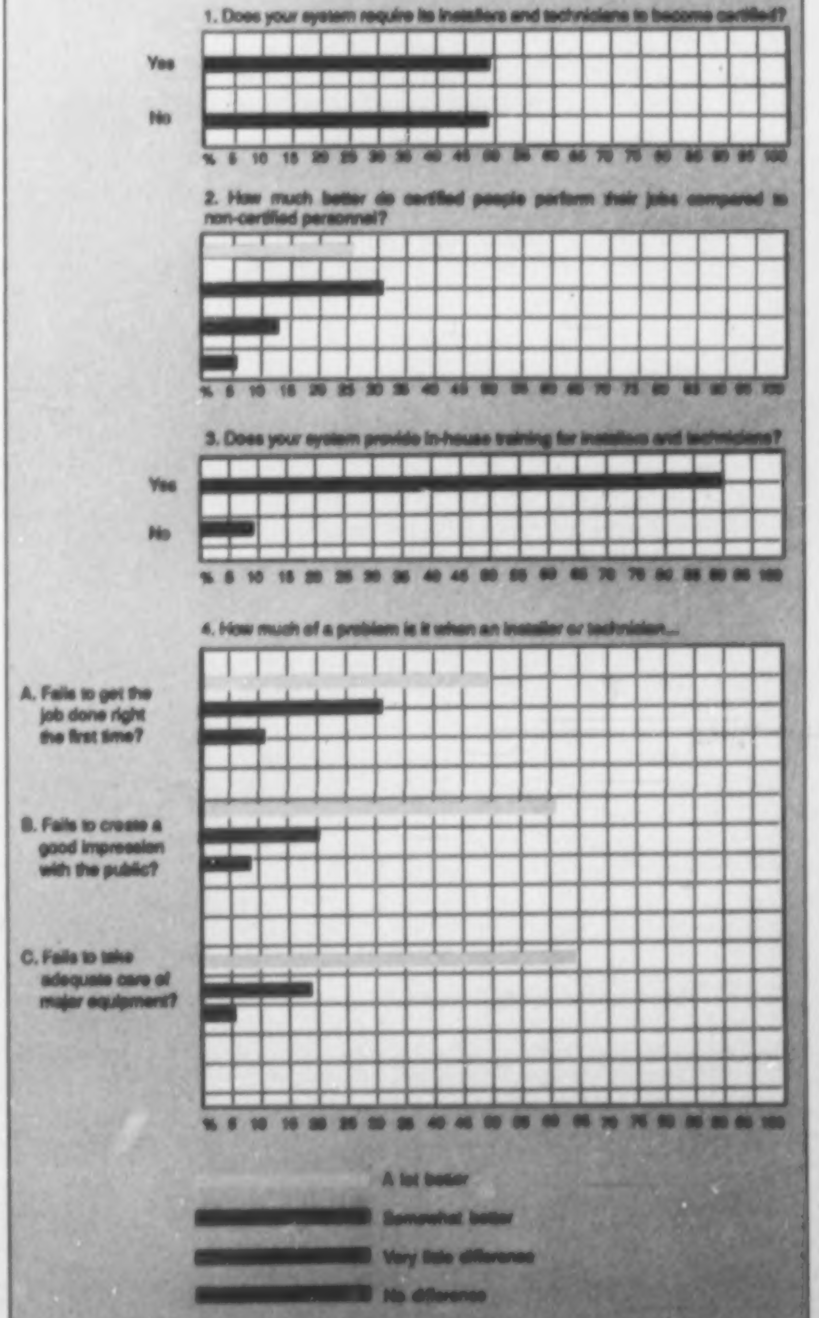
but wrecking a truck or breaking an expensive test device really gets a manager's dander up, according to the survey. Overall, the highest negative scores for installers and technicians came in the area of failing to adequately care for equipment.

In that category, 65 percent of all respondents said they had "a lot" of problems with proper care of equipment, which is three percentage points higher than the image problem and 15 points above not getting the job done right the first time. Interestingly, the percentage citing care of equipment as a major concern varies little according to the size of the system or whether it is owned by a large or small MSO.

One way to double-check whether care of equipment in fact is a greater installer/technician problem than public image or getting the job done right the first time is to analyze the responses of system managers who say they have "very little" concern in the three areas. Twelve percent of all respondents reported few problems with installers and technicians correctly doing the job the first time; eight percent said they have had few image problems with installers and technicians, while a scant six percent said they had experienced few problems with proper care of equipment.

Riker said he was encouraged by developments on two fronts. One is that he was just named to the board of the cable museum at Penn State to assist the university in developing a bachelor's degree in cable technology. The other is an unemployment program in Texas in which a training firm, using the SCTE's I/T manual, trained the unemployed to get jobs at cable companies. In the first class of 13, all 13 graduated and got jobs as installers, he said. ■

Adding Up Your Answers:



HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and CableVision magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

Top 100 MSO's

Rank	Multiple system operator	Basic subs	
1.	Tele-Communications Inc.	6,228,526	(6/89)
2.	American Television & Communications Corp.	4,380,000	(12/89)
3.	UA Entertainment	2,530,000	(9/89)
4.	Continental Cablevision	2,486,359	(7/89)
5.	Warner Cable Communications	1,700,000	(9/89)
6.	Storer Cable Communications	1,531,000	(8/89)
7.	Cox Cable Communications	1,500,000	(10/89)
8.	Comcast	1,490,000	(11/89)
(10) 9.	Jones Intercable/Spacelink	1,411,936	(12/89)
(9) 10.	Cablevision Systems	1,396,357	(11/89)
11.	Newhouse Broadcasting	1,200,000	(11/89)
12.	Heritage Communications	1,131,343	(11/89)
13.	Times Mirror Cable TV	1,061,486	(10/89)
14.	Viacom Cable	994,000	(11/89)
15.	Cablevision Industries	972,900	(8/89)
16.	Sammons Communications	870,898	(9/89)
17.	Century Communications	825,000	(10/89)
18.	Adelphia Communications	751,700	(9/89)
19.	Paragon Communications	750,000	(10/89)
20.	Cooke Cablevision	730,000	(5/89)
21.	Falcon Cable TV	700,000	(10/89)
22.	Telecable	580,000	(5/89)
23.	WestMarc Communications	564,000	(9/89)
24.	KBLCOM	558,100	(4/89)
25.	Scripps-Howard	539,000	(9/89)
26.	Multivision Cable TV	482,000	(4/89)
27.	Tele-Media	475,163	(9/89)
28.	Prime Cable	458,000	(6/89)
29.	Lenfest Group	437,833	(8/89)
(40) 30.	Cencom Cable	410,000	(11/89)
(30) 31.	Post-Newsweek Cable	403,000	(4/89)
(31) 32.	Maclean Hunter Cable TV	357,500	(5/89)
(32) 33.	TCA Group	349,300	(4/89)
(33) 34.	Colony Communications	327,793	(9/89)
(34) 35.	Rifkin & Associates	324,000	(4/89)
(35) 36.	Multimedia Cablevision	321,300	(4/89)
(36) 37.	Simmons Communications	315,000	(12/89)
(37) 38.	TKR Cable	278,482	(5/89)
(38) 39.	Triax Communications	277,500	(6/89)
(39) 40.	Western Communications	266,700	(4/89)
41.	Hauser Communications	247,000	(7/89)
42.	Centel Cable	242,000	(11/89)
43.	Star Cablevision Group	240,096	(8/89)
44.	Service Electric Cable TV Inc.	211,500	(4/89)
45.	Greater Media	205,000	(9/89)
46.	King Videocable	190,915	(8/89)
47.	Sutton Capital	189,179	(9/89)
48.	Harron Communications	185,052	(8/89)
49.	Columbia International	176,350	(8/89)
50.	Media General	176,000	(6/89)
51.	C-TEC Cable Systems	174,014	(9/89)
52.	U.S. Cable Corp.	168,000	(9/89)
53.	Palmer Communications	160,561	(5/89)
54.	Insight Communications	157,700	(4/89)
55.	Armstrong Utilities	153,337	(7/89)
56.	Northland Communications	141,398	(11/89)
57.	Summit Communications	141,000	(10/89)
58.	Bresnan Communications	127,105	(8/89)
59.	Booth Communications	124,893	(9/89)
(61) 60.	Susquehanna Broadcasting	116,370	(9/89)
(62) 61.	McDonald Group	115,200	(4/89)
(63) 62.	United Video Management	113,132	(8/89)
(64) 63.	Pencor Services	107,200	(10/89)
(65) 64.	First Carolina Communications	99,500	(3/89)
(60) 65.	Sonic Communications	97,837	(12/89)
66.	Midcontinent Cable Systems Co.	95,550	(6/89)
67.	WEHCO Video	93,900	(4/89)
68.	Gilbert Media	85,000	(6/89)
69.	Coaxial Communications	80,000	(5/89)
70.	Selkirk Communications	80,000	(9/89)
71.	Mission Cable	72,294	(8/89)
72.	Borden Cablevision	70,946	(8/89)
(74) 73.	James Cable Partners	70,000	(4/89)
(81) 74.	Finch Communications	62,200	(10/89)
75.	Cardinal Communications	60,500	(6/89)
76.	Prestige Cable TV Inc.	60,410	(7/89)
77.	Leonard Communications	60,000	(10/89)
78.	Omega Communications	60,000	(8/89)
79.	Helicon Corp.	59,000	(8/89)
80.	Hearst Communications Of California	58,270	(5/89)
81.	Telecom Cablevision Inc.	57,235	(6/89)
(73) 82.	Douglas Communications	55,000	(11/89)
83.	State Cable TV	54,700	(5/89)
84.	Galaxy Cablevision	54,627	(8/89)
85.	Joseph Gans Cable TV	50,000	(8/89)
86.	New England Cablevision	49,000	(4/89)
87.	Republic Communications Corp.	48,000	(5/89)
88.	Rock Associates	47,500	(3/89)
89.	Downey Media Group	47,500	(3/89)
(91) 90.	Cable America Corp.	46,101	(11/89)
(90) 91.	360 Corp.	45,000	(5/89)
92.	CableSouth Inc.	43,420	(10/89)
93.	Cable Holdings Inc.	43,136	(10/89)
94.	Mercom Corp.	43,120	(8/89)
95.	Star Cable Associates	42,000	(6/89)
96.	Eastern Connecticut Cable TV	41,820	(6/89)
97.	C4 Media	41,275	(7/89)
98.	Buyway Co.	40,447	(8/89)
99.	Acton Corp.	40,460	(3/89)
100.	Sabers Communications	40,078	(8/89)

( ) Rank last listing

Subscriber counts are provided by MSOs and systems to Cable Vision. Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 346 Park Avenue So., 9th Floor, New York, NY 10010.

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	401,010	(11/89)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Manhattan, NY	ATC	231,064	(6/89)
6.	Puget Sound, WA	Viacom	225,000	(6/89)
7.	Phoenix, AZ	Times Mirror	220,960	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), IL	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Houston, TX	Warner	179,000	(9/89)
13.	Wayne, NJ	UA Entertainment	176,838	(11/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
16.	Cincinnati, OH	Warner	167,000	(6/89)
16.	Cleveland, OH	Cablevision Systems	166,192	(11/89)
17.	Atlanta, GA	Prime Cable	166,000	(9/89)
19.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
20.	Fairfax, VA	Media General	164,519	(6/89)
21.	Tulsa, OK	UA Entertainment	159,951	(7/89)
22.	Connecticut Complex	Cablevision Systems	159,539	(11/89)
23.	Kansas City, MO	ATC	158,900	(11/89)
24.	Jacksonville, FL	Continental Cablevision	154,400	(5/89)
25.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,681	(6/89)
26.	Chicago, IL	TCI	148,887	(4/89)
27.	Charlotte, NC	ATC	148,850	(7/89)
28.	Brooklyn/Queens, NY	Warner	147,000	(9/89)
29.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
30.	Baltimore County, MD	Comcast	144,000	(6/89)
31.	Memphis/W. Memphis, TN	ATC	143,957	(10/89)
32.	Manhattan, NY	Paragon	143,500	(6/89)
33.	Pompano, FL	Continental	140,086	(9/89)
34.	Buffalo, NY	Adelphia Communications	139,515	(9/89)
35.	Denver (suburbs), CO	UA Entertainment	139,300	(6/89)
36.	San Diego, CA	ATC	135,300	(11/89)
37.	St. Louis, MO	Comcast	135,230	(8/89)
38.	San Francisco, CA	Viacom	134,000	(6/89)
39.	Austin, TX	ATC	126,300	(10/89)
40.	Martin/Stuart Co., FL	Centel	125,000	(10/89)
41.	Seattle, WA	TCI	124,643	(8/89)
42.	Warren, NJ	TKR	119,300	(7/89)
43.	Pinellas County, FL	Newhouse	114,000	(6/89)
44.	Wilmington, DE	Heritage	112,000	(6/89)
45.	Tacoma, WA	Viacom	112,000	(6/89)
46.	Grand Rapids, MI	UA Entertainment	111,190	(6/89)
47.	San Diego County, CA	Times Mirror	111,089	(5/89)
48.	Toledo, OH	Blade Communications	110,785	(5/89)
49.	Southeast Michigan	Comcast	110,000	(6/89)
50.	Chicago Suburbs, IL	Centel	109,574	(8/89)
51.	Raleigh/Durham, NC	ATC	109,000	(9/89)
52.	Las Vegas, NV	Prime Cable	107,200	(3/89)
53.	Dallas, TX	Heritage	107,244	(6/89)
54.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
55.	San Juan, PR	Multivision Cable	106,046	(6/89)
56.	Indianapolis, IN	Comcast	104,000	(6/89)
58.	Boston/Brookline, MA	Cablevision Systems	103,394	(11/89)
70.	Richmond, VA	Continental	102,121	(10/89)
57.	Nashville, TN	Viacom	101,300	(6/89)
59.	Hillsborough/Tampa, FL	Paragon	100,284	(2/89)
60.	Pittsburgh, PA	TCI	98,052	(9/89)
61.	Jackson, MS	ATC	98,915	(10/89)
62.	Chicago, IL	Group W	98,700	(3/89)
63.	Monmouth, NJ	Sutton Capital	97,570	(9/89)
64.	Greensboro, NC	ATC	96,140	(10/89)
65.	St. Petersburg, FL	Paragon	95,452	(2/89)
66.	Columbus, OH	Warner	95,000	(9/89)
67.	Reading, PA	ATC	95,000	(10/89)
68.	Naples, FL	Palmer	94,400	(6/89)
69.	Worcester Complex, MA	Greater Media	94,097	(9/89)
71.	Portland, OR	KBLCOM	91,540	(6/89)
72.	Dade/Broward County, FL	Storer	90,000	(8/89)
73.	Wichita, KS	Multimedia	88,732	(9/89)
74.	Independence, MO	Jones	88,420	(8/89)
75.	Tucson, AZ	Cooke	86,976	(6/89)
76.	Fresno, CA	Continental	86,317	(10/89)
77.	Akron, OH	Warner	86,000	(9/89)
78.	Fayetteville, NC	ATC	86,000	(10/89)
79.	Milwaukee, WI	Warner	86,000	(9/89)
80.	Minneapolis/St. Paul suburbs, MN	Hauser	86,000	(10/89)
81.	Harrisburg, PA	Suburban	85,300	(6/89)
82.	Orange County, CA	KBLCOM	85,160	(8/89)
83.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
84.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
85.	Montgomery County, MD	Hauser	84,000	(9/89)
86.	Albuquerque, NM	Jones Intercable	83,119	(3/89)
87.	South Bend, IN	Heritage	82,744	(6/89)
88.	Houston Suburbs, TX	Prime Cable	82,000	(8/89)
89.	Medford Complex Boston Suburbs, MA	Warner	82,000	(6/89)
90.	Buffalo, NY	TCI	81,300	(7/89)
91.	Oakland County, MI	UA Entertainment	80,564	(8/89)
92.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
93.	New Orleans, LA	Cox Cable	78,979	(6/89)
94.	Providence/Warwick, RI	Times Mirror	78,320	(6/89)
95.	W. San Fernando Valley, CA	CV Industries	78,300	(6/89)
96.	Allentown, PA	Service Electric	78,000	(9/89)
97.	Thousand Oaks, CA	Viacom	78,000	(6/89)
98.	Indianapolis, IN	ATC	75,715	(10/89)
99.	Omaha, NE	Cox Cable	75,125	(6/89)
100.	South Texas, TX	Heritage	75,250	(6/89)

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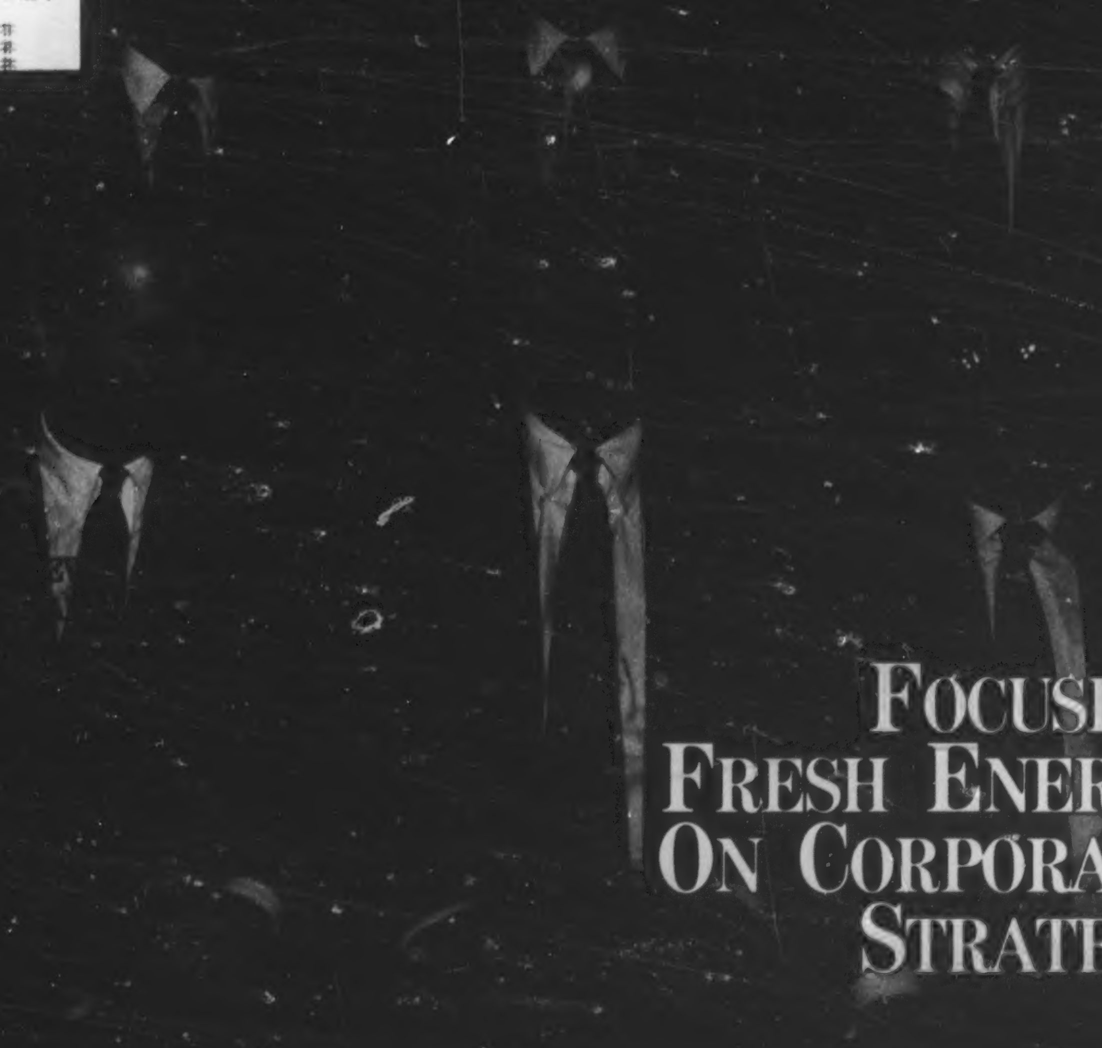
INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

JANUARY 15, 1990



FOCUSING FRESH ENERGY ON CORPORATE STRATEGY

Enjoying a light moment are (clockwise from top left) HBO's Thayer Bigelow, Reiss Media's Jeffrey Reiss, Turner's Gerry Hogan, Newhouse's Robert Miron, Jerrold's Hal Krisbergh and Viacom's Ed Bennett

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT JANUARY 15, 1990

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NEWS

Cable will contribute $42 billion to nation's GNP this year, report says

By Craig Kuhl

The cable television industry will contribute nearly $42 billion to the gross national product in 1990, while directly or indirectly providing 561,000 jobs generating $18.2 billion in income, a new study reports.

The study, Impact '90, was commissioned by Daniels & Associates and compiled by Bortz & Co. of Denver. It reflects the economic impact of the cable industry on the U.S. economy in 1989.

The report added that cable operator revenues in 1990 are expected to be $17.3 billion while providing employment to 101,400 people (90 percent at the system level) for incomes totaling $2.8 billion.

Cable industry suppliers employ an additional 69,000 people in cable-related jobs with personal incomes totaling $2.4 billion, the report says, while cable operator expenditures on personnel and goods and services generate an additional 390,000 jobs.

In 1989, the report continued, direct cable operator employment increased by nearly 14,000 jobs over 1988 and by 24,000 jobs since 1986. Total cable-related employment increased by 27 percent, or 120,000 jobs, from 1986 to 1990, more than one percent of domestic employment increases since 1986.

The report also notes that nearly nine-tenths of today's cable subscribers have access to 30 or more channels and one-fifth of cable's subscribers can receive 54 or more channels. On a national basis, viewing of basic and pay cable programming has increased by more than 70 percent since 1983, the report said.

CABLE'S ECONOMIC IMPACT

System Revenues	$17.3 billion
System Jobs	101,400
Employee Income	$2.8 billion
Franchise Fees (1980-89)	$4.7 billion

In the 1980s, the report continued, gross cable network advertising revenues grew from $50 million in 1980 to $1.65 billion anticipated in 1990. Cable construction investments in 1989, according to the report, vary widely, ranging from $1.7 billion to $2.3 billion.

Total 1990 cable program service revenues are expected to be $4.2 billion, an increase of 28 percent over 1988. Basic program network revenues should exceed $2.1 billion in 1990, a 41 percent increase over 1988 figures. The report went on to say that premium network revenues should grow modestly from $1.7 billion in 1988 to $1.9 billion in 1990. Pay-per-view services and event promoters are expected to see revenues in excess of $200 million, more than double the 1988 figure.

Direct 1990 cable operator employee compensation is estimated at $2.83 billion, including benefits. This represents approximately 16 percent of revenues and 29 percent of operating expenses.

Franchise fees, according to the report, totalled more than $4.7 billion during the 80's, with an increase of 10.8 percent since 1985.

Cable's philanthropic impact was detailed by the report as well. The industry's cash contributions to local and national non-profit organizations in 1988 and '89 totalled $32.2 million, and $131 million during the decade. ■

U.S. agrees to let CNN go to Vietnam

By Richard Tedesco

Cable News Network has gained U.S. government clearance to transmit its signal to Vietnam. Approval from the Treasury and Commerce departments for the move apparently was prompted by a lawsuit Turner Broadcasting had filed against the Bush Administration challenging a directive by Treasury that transmitting to Vietnam would violate a U.S. trade embargo.

CNN dropped the suit when it gained the clearance to provide Vietnamese Television an earth station free of charge to receive the signal. CNN has agreed to sell the country rights to that reception for 50 Vietnamese dong a year, less than a penny.

Vietnam has been contributing videotaped material to CNN for its daily CNN World Report *for some time.* ■

Microband in Chapter 11

Microband has filed for Chapter 11 bankruptcy in U.S. District Court in New York to reorganize and restructure so that it may continue operating its wireless cable systems in New York, Detroit and Washington. Major creditors reportedly include HBO and Zenith. ■

It was a great year for stocks, despite a fourth-quarter pounding

◆◆◆◆◆

By Robert O'Brien

AN UNEVEN YEAR FOR MSO STOCKS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Adelphia Communications	$20.00	$25.25	$ 5.25
Cablevision Systems	29.38	36.63	7.25
Century Communications	12.00	11.50	- .50
C-TEC Cable Systems	42.50	24.75	-17.75
Falcon Cable	19.25	18.30	- .75
Galaxy Cablevision	18.38	19.75	.97
TCA Cable	30.50	16.75	-14.62
Tele-Communications Inc.	24.25	16.38	- 7.87

Source: David Siegel, Shearson Lehman Hutton

Having ridden the crest of record performances through the first three quarters of 1989, cable stocks have tumbled in recent months, as Wall Street reacted to the prospects of reregulation by discounting investment opportunities in MSOs.

Cable stocks, paced by market leaders like Tele-Communications Inc.—off more than 20 percent from its high for the year—are down across the board.

The move comes at a time of great uncertainty. The broad market has tracked with volatility through the close of the year, dropping 200 points on Black Friday in October, but racing to a record 2,810 points on the first trading day of the new year.

On top of that, the bond market has virtually evaporated, winnowing media companies' sources of capital, and lessening the opportunities for the sort of deal-making that has fueled speculation and investor interest in those properties. The tightening, already occurring in broadcasting, threatens exit values in cable, and makes those publicly traded companies less attractive as asset plays.

Yet, experts say the news is not all gloomy. Most publicly traded cable companies have kept at least half of the gains made during their ascent last year. None has retreated even near their pre-boom lows, and discounts to private market value remain in line with traditional media assessments.

In fact, some analysts throughout the decline have continued to tout a number of media stocks. Time Warner Inc., on the verge of completing the back end of its combination, has been added to the recommended lists of a number of analysts. Companies like Jones Intercable and Cablevision Systems still look like good long-term buys, analysts say. More surprisingly, even some dark horses have emerged, such as Financial News Network, which at least one major house has added to its recommended list.

In all, analysts say, the downturn through the last quarter of the year is not surprising. Even without the political pressures, cable stocks may have been ripe for a hit.

Cable stock performance through the first three quarters of last year was spectacular. Not only did it rebound more quickly from the October mini-crash than most other groups of stocks, it seemed to thrive. An index of MSO stocks was up more than 45 percent through October, about twice the rise the industry had experienced through the same time in 1988.

Cable's success, in a sense, was working against itself. Says Ken Goldman, an analyst with Hanifen Imhoff, "Portfolio managers, often evaluated on calendar year performance, were clearly worried about how to protect their winnings, not about how to increase their returns. The mood was decidedly defensive going into November, especially since October was so rotten for most of them." These portfolio managers, Goldman adds, were waiting for an excuse to lighten their cable holdings. In mid-November, they got it.

The day before the Senate Communications Subcommittee was slated to begin its cable oversight hearings, Sen. John Danforth introduced legislation that would reverse many of the forces—especially the general deregulation of basic service rates—that helped drive the indus-

HARDWARE STOCKS POST SOLID GAINS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Augat	$11.00	$13.00	$ 2.00
C-Cor Electronics	18.38	13.50	- 4.88
General Instrument	23.00	37.25	14.25
Oak Industries	.86	1.13	.27
Pioneer Electronics	55.50	82.75	27.25
Scientific-Atlanta	13.25	24.63	11.38
Wavetek	5.25	4.00	- 1.25

Source: David Siegel, Shearson Lehman Hutton

try's growth through the second half of the decade.

In addition, Danforth's bill struck at other measures deemed critical to the industry's success. Some, such as a cap on the percentage of the national subscriber universe that any single company could control, would effect only the largest companies; a cap at the 15 percent of total households that Danforth specified would be so high that it would, in practice, effect only TCI.

Yet, TCI, as the industry's largest MSO and a powerful influence on industry-wide practices, is seen as a bellwether for the fortunes of all cable companies. When TCI's stock slid more than 20 percent in six weeks, the rest of the industry slid with it.

Another feature of the bill would aim to curb the degree of vertical integration, a phenomenon seen as key to the continuing prosperity of the industry. Curtailing the marriage of production and distribution could be div[illegible], experts agree. Depending on how such proscriptions are structured, they could either attempt to undo existing verticality—i.e., Time Warner—which seems unlikely, or they could freeze the industry at its current state.

The latter would have serious repercussions throughout the industry. Much of the activity among top-echelon media companies has been driven by a determination to achieve parity with Time Warner. Asked two months ago why TCI agreed finally to buy into Showtime Networks Inc. after two years of negotiations, a key TCI executive said "Because of Time Warner."

Other deals driven by a quest for verticality are still out there. MGM/UA seems more likely to fall into the hands of a consortium of cable operators and programmers than to even the Japanese.

Danforth's proposal sent off shockwaves up and down Wall Street, despite the fact that few of the initiatives outlined in his legislative proposal reflected any innovation in congressional thinking.

Despite these shortcomings, Wall Street's perceptions of cable were being re-tooled. A spate of press accounts trumpeted the likelihood of reregulation. One of a number of stories in the *Wall Street Journal* handicapping the prospects for legislation hit particularly hard, coming as it did on the opening day of the Western Cable Show.

Shortly after the oversight hearings, Shearson Lehman Hutton analysts reported that they were "changing our near-term focus of potential regulation of the cable industry." Despite reasoned moderation over the prospects and timing of legislation, and even noting an upside to the industry's ability to pilot its destiny in the wake of legislative reforms, Shearson analysts said, "The result of valuations would assume that a subscriber today is worth only the greater of $2,200 or 12 times cash flow, rather than the greater of $2,500 a sub level or 15 times cash flow."

Cable stocks took the hit hard. By the end of November, Comcast stock had lost 20 percent of its year's high, Century dipped to 12 after previously trading as high as 17, and TCI, at 17, was trading precipitously close to a new low for the year.

Others were hit harder. Companies like Adelphia Communications and TCA Cable TV, previously the darlings of Wall Street bulls, lost the patina of comers, and saw their stocks slide as portfolio managers retrenched.

Through the close of the year, the prospects for the industry began to brighten moderately. The market itself recognized that Wall Street had exaggerated the threats of new legislation. Industry leaders not only stopped their slide, but managed to recapture some of their earlier momentum.

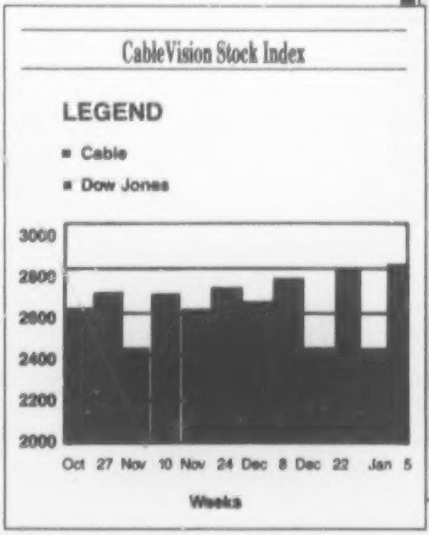
At year-end, Comcast had picked up more than a point, and was trading at 16 3/4. Jones was back up over 15; TCI close to 18; Cablevision Systems over 37. All had been gainers. The momentum continued through the bull market that opened this year. Comcast jumped out at 17 3/8; Jones to 15 7/8; TCI all the way to 18 3/8.

Says Hanifen's Goldman, "We believe that cable stocks will outperform the broader market once again in 1990, although such outperformance may not be as convincing as it has been historically."

What might change is a reversal of the industry's traditional tendencies. Where usually MSO stocks surge through the first half of the year and depress through the second, continued political upheaval could hold those stocks in check through the first half of the year. As the political process reveals itself through mid-year, that pressure is expected to alleviate, and the industry's traditional momentum can be expected to accelerate.

Whatever the short-term prospects for MSOs, the climate does seem to favor long-term investors. Industry fundamentals remain strong. Studies have predicted that revenues will grow by 10 percent next year. The downside is that those figures show less growth than in previous years, and presume a stronger contribution than ever from ancillary sources like advertising and pay-per-view.

Those same presumptions, however, make the prospects of cable networks look even brighter. Duel revenue streams of advertising and carriage fees, bolstered by the continued inroads cable is making on viewership shares, are expected to continue to drive the impressive appreciation of publicly traded cable programmers that began last year.



Stock Market

EXCH	COMPANY	CLOSING QUOTE 12/14/89	CLOSING QUOTE 01/03/90	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD	P/E RATIO	ANNUAL DIV	ANNUAL YLD%	EARNINGS PER SHARE	52 WEEK HIGH	52 WEEK LOW
MSOs & PROGRAMMERS											
ASE	ACTON	16.00	14.25	-1.75	-10.94	71	0.00	—	0.20	24.13	11.00
OTC	ADELPHIA COMM.	25.25	25.50	0.25	0.99	—	0.00	—		28.50	8.50
OTC	AMERICAN TELE & COMM.	43.25	43.25	0.00	0.00	—	0.00	—		56.25	25.25
ASE	CABLEVISION SYS (a)	36.63	37.50	0.87	2.38	—	0.00	—		47.25	29.75
OTC	C-TEC CORP	24.75	24.50	-0.25	-1.01	10	0.00	—	2.40	30.00	13.00
ASE	CENTURY COMMUNICATIONS	11.50	12.75	1.25	10.87	—	0.00	—		16.63	8.00
OTC	COMCAST	16.13	17.38	1.25	7.75	—	0.12	0.69		19.88	9.25
NYS	DISNEY	130.75	115.50	-15.25	-11.66	27	0.48	0.42	4.35	136.25	64.88
ASE	FALCON(L)	18.50	17.88	-0.62	-3.35	—	2.12	11.86		22.13	17.88
OTC	FINANCIAL NEWS NET.	7.00	6.88	-0.12	-1.71	30	0.00	—	0.23	10.50	5.13
ASE	GALAXY	19.75	19.25	-0.50	-2.53	64	1.30	6.75	0.30	23.25	17.00
ASE	HOME SHOPPING NETWORK(H)	7.63	7.50	-0.13	-1.70	31	0.00	—	0.24	7.50	3.00
OTC	JONES INTERCABLE	15.75	15.88	0.13	0.83	—	0.00	—		20.88	12.13
ASE	JONES INTERCABLE INV	13.88	13.25	-0.63	-4.54	14	1.60	12.08	0.95	15.63	12.75
NYS	KNIGHT-RIDDER INC	54.50	57.75	3.25	5.96	23	1.22	2.11	2.46	58.38	42.88
NYS	MCA	66.88	64.13	-2.75	-4.11	28	0.68	1.06	2.26	71.38	45.38
OTC	MEDIA GENERAL(L)	31.75	31.38	-0.37	-1.17	18	0.40	1.27	1.74	40.50	31.38
OTC	MULTIMEDIA	87.50	95.00	7.50	8.57	75	0.00	—	1.27	108.00	69.00
OTC	NOSTALGIA CHANNEL	2.13	2.00	-0.13	-6.10	—	0.00	—		8.00	0.50
ASE	NEW YORK TIMES	26.25	27.50	1.25	4.76	14	0.48	1.75	2.02	34.75	24.38
ASE	PHOENIX AMERICAN	3.75	3.50	-0.25	-6.67	7	0.00	—	0.52	4.75	2.50
NYS	PLAYBOY ENTERPRISES	16.50	15.25	-1.25	-7.58	102	0.00	—	0.15	18.38	12.13
OTC	QVC	15.88	17.25	1.37	8.63	—	0.10	0.58		21.25	8.00
OTC	SCRIPPS HOWARD BRDCST	67.00	67.00	0.00	0.00	—	1.00	1.49		85.00	57.50
OTC	TCA CABLE TV	16.75	17.25	0.50	2.99	34	0.40	2.32	0.51	21.38	15.38
OTC	TELE-COMMUNICATIONS	16.38	18.38	2.00	12.21	—	0.00	—		24.61	12.63
NYS	TIME INC.	125.00	124.00	-1.00	-0.80	25	1.00	0.81	4.98	182.75	103.63
NYS	TIMES MIRROR	36.00	37.38	1.38	3.83	15	1.00	2.68	2.53	46.00	32.38
NYS	TRIBUNE CO.	46.50	47.75	1.25	2.69	17	0.88	1.84	2.86	63.13	36.38
ASE	TURNER BROADCASTING	54.13	51.13	-3.00	-5.54	—	0.00	—		60.75	17.00
OTC	UNITED ARTISTS ENTER.	18.63	19.00	0.37	1.99	32	0.00	—	0.59	23.75	17.25
ASE	VIACOM	59.50	58.50	-1.00	-1.68	—	0.00	—		66.25	30.50
ASE	VIDEO JUKEBOX(H)	6.50	8.75	2.25	34.62	—	0.00	—		8.75	2.63
NYS	WARNER COMM.	61.50	64.50	3.00	4.88	24	0.68	1.05	2.66	67.88	35.63
OTC	WASHINGTON POST BRDCST	273.00	282.50	9.50	3.48	12	1.86	0.66	24.52	308.00	204.00
OTC	WESTMARC(H)	31.00	32.13	1.13	3.65	41	0.00	—	0.79	32.13	17.00
SERVICE & FINANCIAL COMPANIES											
OTC	BURNUP & SIMS(L)	17.38	16.50	-0.88	-5.06	36	0.00	—	0.46	24.63	16.50
NYS	CAPITAL CITIES (H)	547.00	568.50	21.50	3.93	25	0.20	0.04	22.48	568.50	353.00
NYS	PARAMOUNT	50.63	50.88	0.25	0.49	18	1.40	2.75	2.85	66.38	39.50
MANUFACTURERS & DISTRIBUTORS											
OTC	ARTEL	6.63	7.00	0.37	5.58	—	0.00	—		8.13	1.50
NYS	ARVIN	15.63	15.63	0.00	0.00	11	0.68	4.35	1.41	26.75	14.63
NYS	AUGAT	6.50	7.00	0.50	7.69	12	0.40	5.71	0.57	9.25	5.50
OTC	CABLE EXCHANGE	0.38	0.50	0.12	31.58	—	0.00	—		5.38	0.38
OTC	C-COR ELECTRONICS	13.50	12.75	-0.75	-5.56	21	0.00	—	0.60	17.50	9.75
NYS	CONTEL CORP.	33.50	34.75	1.25	3.73	69	2.20	6.33	0.56	36.75	19.88
OTC	GANDALF TECH.	4.88	5.13	0.25	5.12	8	0.00	—	0.64	6.63	3.88
NYS	GENERAL INSTRUMENT(H)	37.25	41.38	4.13	11.09	16	0.50	1.21	2.56	41.38	25.25
OTC	GRAPHIC SCANNING	10.00	10.50	0.50	5.00	8	0.00	—	1.24	12.00	6.38
NYS	HARRIS CORP.	34.63	35.00	0.37	1.07	13	0.88	2.51	2.74	39.50	25.63
NYS	M/A-COM (L)	5.00	5.25	0.25	5.00	10	0.24	4.57	0.53	9.25	5.25
NYS	OAK INDUSTRIES	1.13	1.13	0.00	0.00	9	0.00	—	0.12	1.75	0.75
ASE	PICO PRODUCTS	1.63	1.38	-0.25	-15.34	—	0.00	—		2.75	0.63
NYS	PIONEER ELECTRONICS	82.75	86.00	3.25	3.93	69	0.18	0.21	1.47	86.63	46.50
OTC	RADIATION SYSTEMS	11.75	12.25	0.50	4.26	17	0.10	0.82	0.73	12.25	8.50
NYS	SCIENTIFIC-ATLANTA	24.63	24.38	-0.25	-1.02	17	0.12	0.49	1.41	24.75	12.63
OTC	WEGENER	2.50	2.75	0.25	10.00	275	0.00	—	0.01	4.75	2.50
NYS	TEKTRONIX	16.88	18.13	1.25	7.41	101	0.60	3.31	0.16	24.25	16.75
NYS	VARIAN ASSOCIATES	21.88	21.88	0.00	0.00	10	0.28	1.19	2.23	30.63	19.88
OTC	WAVETEK(L)	4.00	3.88	-0.12	-3.00	—	0.00	—		6.25	3.88

MARKET DIARY:

ADVANCES 33
DECLINES 21
UNCHANGED 10
NEW HIGHS 3
NEW LOWS 5

LARGEST DOLLAR GAINER....Capital Cities . . . . +$21.50
LARGEST DOLLAR LOSER....Disney . . . . −$15.25
LARGEST PERCENTAGE GAINER....Video Jukebox . . . . . +34.62%
LARGEST PERCENTAGE LOSER....Pico Products . . . . . . −15.34%
(H) = NEW HIGH IN PERIOD
(L) = NEW LOW IN PERIOD
(d) = DEFICIT
(a) = reflects stock split

ALL OTC QUOTES ARE REPRESENTED BY THE BID PRICE

Provided by David J. Siegel, Shearson Lehman Hutton, Inc (201) 336-6211, (800) 922-2639. The information contained in this report has been taken from trade and statistical services and other sources which we deem reliable. We do not represent that it is accurate or complete. The information is subject to change.

* Shearson Lehman Hutton, Incorporated was manager or co-manager of a public offering of this issuer or one of its subsidiaries.

TURNER LEADS BULLISH YEAR FOR PROGRAMMERS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Financial News Network	$ 5.25	$ 7.00	$1.75
Home Shopping Network	4.75	7.63	2.88
Nostalgia Channel	.63	2.13	1.50
QVC Network	8.63	15.88	7.25
Turner Broadcasting	15.63	54.13	38.50
Video Jukebox Network	1.00	6.50	5.50

Source: David Siegel, Shearson Lehman Hutton

Valuing cable networks always has been problematic for the industry. Strong performers can be measured according to some calibration of ad shares combined with carriage fees. A handful of strong performers can be assessed, and in some limited cases, this has been accomplished.

RJR Nabisco, for example, is said to be shopping its 20 percent stake in ESPN for an asking price of $250 million. At that level, ESPN is worth as much as $23 per home.

Even this assessment is complicated by an inability to accurately predict cost increases. ESPN now faces the prospect of an enormous increase as it renegotiates its contract for National Football League games. Recent sports programming contracts, including both professional and collegiate basketball, have jumped as much as three-fold on an annual cost basis. ESPN faces increases of at least that magnitude, as well as some premium to successfully battle what's likely to be increased competition for the cable component of the contract.

To compensate, networks are hoping to increase their profile among advertisers. According to industry statistics, national cable advertising is expected to grow from about $1.3 billion in 1989 to as much as $4 billion by 1994. Part of that growth will be fueled by cable's growth in viewers, a trend that is the natural result of continued erosion of broadcaster's viewership share, a moderate increase in penetration, and the expansion of operators' channel capacity as new technologies make 54-and 60-channel systems operable.

These prospects bolstered the fortunes of programmers' stocks through the end of 1989.

The star of the group was Turner, which was trading in the mid-teens at the close of 1988, but skyrocketed as high as $60 a share before waning

This notice appears as a matter of record only.
November, 1989

SONIC
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President

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Vice President

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slightly. It closed 1989 trading at almost $50.

Other programmers are expected to pick up through 1990. Companies like FNN are being touted as "comers" by some analysts who see their ultimate asset value as much as $15 a share, while its stock is trading as low as $7. Services like Nostalgia Channel have had stock prices fluctuate from less than $1 a share to $8 a share, based on the prospects of a buyout. Some, like Video Jukebox, jumped to new highs in 1989—closing the year at $6.50—based primarily on the prospects of operations alone.

Meanwhile, the sterling performers in the industry have been hardware companies. With rebuilds and technological advances priming new capital equipment needs, manufacturers have climbed steadily from the languid market for hardware that bottomed out in 1988.

Both Scientific-Atlanta and General Instrument took the opportunity of those depressed markets to restructure and both chose to focus on broadband equipment.

Both had bet right when 1989 proved to be a boom year. GI, which also has benefited from the company's repurchase of 20 percent of its outstanding stock, has seen its stock rise steadily. After starting 1989 at about $25 a share, GI jumped to $33 last summer. It opened 1990 at over $41 a share.

Similarly, S-A has outperformed the broader market. After trading as low as $12 a share at year-end 1988, it picked up briskly, and now trades at more than $24 a share.

The question mark among manufacturers is Zenith, which last year suffered a run on the company. Though management beat back the initiative, it was forced to restructure, paring off other divisions, including its computer operations, which recently sold for $500 million. Its stock has traded at $13 a share, about 50 percent below its high point in the year, although the prospects for new markets for consumer electronics, particularly in Eastern Europe, may help its return, experts say. ■

Bill Daniels wanted to give his personal friends a special Christmas message. So each of his cards extolled the benefits of giving to the less fortunate, along with the message that, instead of a gift, $50,000 was being donated in their names to Holy Ghost Church in Denver. ■

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How much do you know about Cable Labs? If you're a large operator, probably a lot

About a year after it set up shop in Boulder, Colo., the industry's R&D consortium, Cable Labs, has made progress on several fronts. It has assembled a large, capable staff, launched several research projects and has established a firm financial footing with a $6.5 million budget approved for the coming year.

But according to data from the Cable Poll™, general knowledge of Cable Labs and its activities remains quite low throughout the industry, especially at smaller systems. On the other hand, at larger systems and among the Top 25 MSOs, knowledge of Cable Labs is much higher. For example, barely a quarter of those surveyed at cable systems with fewer than 10,000 subscribers said they had heard or read "a lot" or "some" about Cable Labs. But at systems with more than 50,000 subscribers, more than half said they were generally aware of the consortium's activities, according to an analysis of the responses from nearly 400 system management personnel, mainly general managers, system managers and vice presidents of operations and engineering.

Number

9

in a series of ten

And 60 percent of all respondents said they had heard or read "very little" or "nothing" about Cable Labs. That lack of general knowledge about the consortium rises at smaller systems to 69 percent but declines among larger systems to 45 percent.

The broader knowledge of Cable Labs among the larger systems, which typically are owned by the larger MSOs, apparently is because it is the top MSOs which were the initial financial backers of the consortium. Among Cable Labs' early supporters were Tele-Communications Inc., ATC, Comcast, Cox, Jones and other larger companies.

Dick Green, president of Cable Labs, noted in commenting on the data that the results generally tracked results of internal surveys he has seen, but he pointed out that the poll was taken at a time when Cable Labs was still in its "administrative stage of development" and before the consortium made several announcements late in the year.

"Last year was our first full year of operation," Green said, "and August was sort of a midpoint because we had just moved to Boulder and we had assembled a staff, but they had just moved to Colorado. In a lot of ways that was the beginning of our year.

"What we have seen is sort of the same things as in the (Cable Poll™), that the knowledge of Cable Labs has been gradually increasing over the last year. We have had an explosion in the last part of the year." Those events, he noted, included announcements of two joint ventures—a test process with Jerrold's Applied Media Lab on NTSC picture quality and cooperation with Scientific-Atlanta on future headend systems development. Last month Cable Labs also said it would take an equity position in Dick Leghorn's Eidak Corp., developer of the Copyguard system to deter unauthorized taping of pay-per-view events. All three developments attracted significant public notice at year-end.

"So the first part of last year was administrative for us, which didn't attract a lot of attention," Green added. "But our public exposure, the contributions we have made to the industry, has increased since then."

Green said he was somewhat concerned about the apparent low level of knowledge about Cable Labs among smaller operators, who he said "are very important to us. This tells me that we need to do more to reach out to them." But he said that a major program already is in development that should be of interest to smaller systems. "In our program fund for 1990, we have a program called Optimized System Operations, which is one of our major programs, and it focuses on the immediate need of operations at all levels, but the small systems as well. (It will focus on) what's happening with F-connectors, power supplies, the day-to-day operational concerns. As we begin to implement that program, which impacts day-to-day operations, I hope that will be addressing the needs of the smaller operators."

He also noted that Cable Labs is working to enlist engineering people at smaller systems to serve on the consortium's Technical Advisory Committee.

Another clear distinction between smaller and larger operators appears when they are asked what, in their opinion, Cable Labs should concentrate on. The Cable Poll™ asked respondents if they believed that the primary focus of Cable Labs should be on new technology, such as fiber optics and high-definition TV, or on improving existing coaxial-based tree-and-branch technology.

Among systems with fewer than 10,000 subscribers, the edge fell to existing technology over new technology by a narrow margin, 41 percent to 35 percent. But at systems with more than 50,000 subscribers, that was reversed by a wide margin. There, system management personnel favored a focus on new technology by 55 percent to 27 percent. Generally, about 20 percent of respondents expressed no preference in all sample categories.

That pattern holds almost exactly when considering responses according to the size of MSO ownership, with companies outside the Top 100 favoring a focus on existing technology and the Top 25 MSOs favoring new technology.

Green emphasized that research programs planned for the next year or two "are structured to focus on both." The Optimized System Operations program mentioned above "focuses on solving the big problems in current architectures," Green said, with an eye toward overcoming limitations in standard tree-and-branch architectures.

To explore new technology, Cable Labs has launched another research program called Advanced Network Development, which Green termed "a longer-term look at networks of the future."

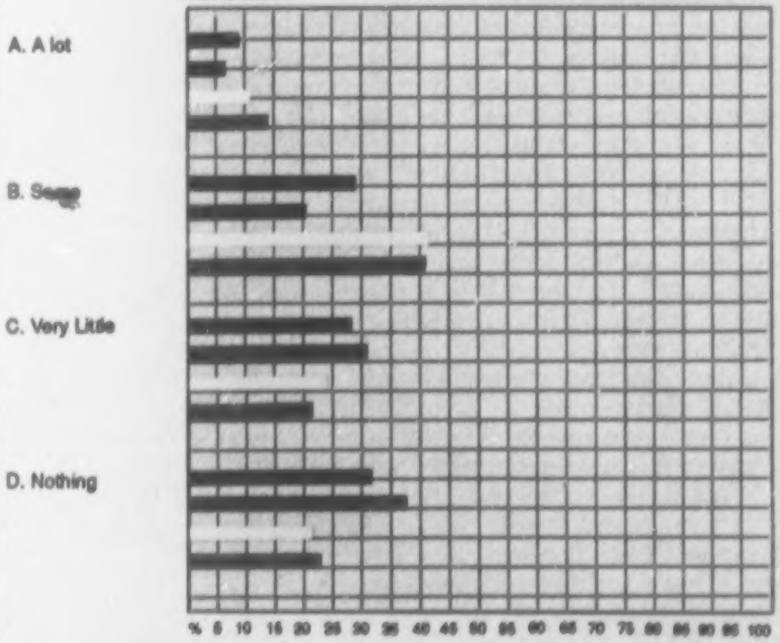
Green said these two programs—one to improve existing technology and the other to explore new technology—"are parallel" and are supported by roughly equal funding with roughly equal staffing commitments. "We found the same thing in talking to our members, that they were interested in both."

As Cable Labs enters 1990, Green said the consortium is "particularly interested in how the industry sees the future, where they think things are headed, what they think long-term strategy should be" so that Cable Labs can provide research to fill those needs.

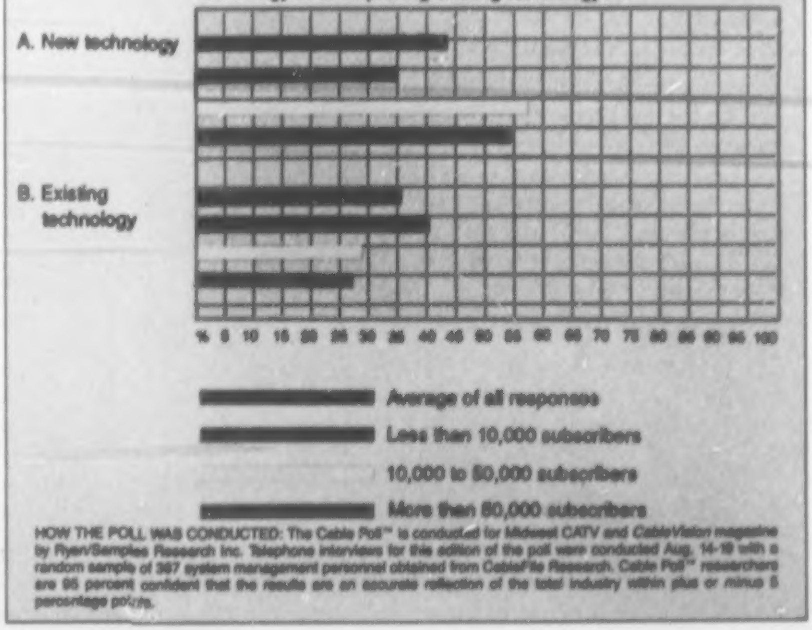
As one example of an effort to further inform the industry of Cable Labs' activities, Green pointed out that its internal publication, *Specs*, now is being sent out to a far wider readership. ■

Adding up your answers:

1. How much have you read or heard about the development of Cable Labs?



2. Do you think Cable Labs' primary focus should be on new technology or on improving existing technology?



HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

DATABASE

Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	387	9,000,000
Alternate View Network	300	4,500,000
Arts & Entertainment Network (A&E)	4,400	42,000,000
Black Entertainment Television	1,800	24,218,000
CNBC	750	13,000,000
Cable News Network	12,177	52,600,000
Cable Value Network	1,800	23,300,000
C-SPAN	3,341	47,500,000
C-SPAN II	649	19,300,000
The Comedy Channel	N.A.	4,500,000
Country Music Television	1,092	9,124,974
The Discovery Channel	5,324	44,090,000
Eco/Galavision	380	1,000,000
ESPN	20,500*	53,400,000
Eternal Word Television Network	580	13,300,000
The Family Channel	8,424	47,000,000
Family Guide Network	60	4,500,000
FamilyNet	300	3,500,000
Financial News Network	3,500	32,000,000
FNN Sports	1,600	20,000,000
Headline News	4,443	39,400,000
Home Shopping Network	1,400	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	900	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	119	5,100,000
KTVT	417	3,600,000
The Learning Channel	1,150	19,000,000
Lifetime	3,800	44,177,000
Mind Extension University	156	8,000,000
MTV	5,405	47,137,000
Movietime	447	14,000,000
The Nashville Network	8,310	45,923,000
National College Television	380	6,569,228
Nick At Nite	3,440	39,600,000
Nickelodeon	6,600	47,183,000
The Nostalgia Channel	421	8,000,000
Prevue Guide	400	12,000,000
QVC Network	1,080	14,100,000
RFD TV	30	2,182,190
Silent Network	109	13,600,000
SportsChannel America**	N.A.	1,500,000
TBS Superstation	13,013	51,000,000
Telemundo***	5	100,000
TNT	3,896	33,400,000
The Travel Channel	659	11,000,000
Trinity Broadcasting Network	725	9,100,000
Univision***	500	509,500
USA Network	10,100	50,000,000
VH-1	3,080	34,600,000
Vision Interfaith Satellite Network	315	6,200,000
The Weather Channel	3,700	39,200,000
WGN-TV	11,415	24,900,000
WWOR-TV	2,400	12,500,000
WPIX-TV	850	9,678,474
WSBK-TV	57	350,000
Bonus/basic services		
American Movie Classics	1,700	34,000,000
Bravo	375	3,000,000
Pay services		
Cinemax	3,600	6,400,000
The Disney Channel	5,700	4,337,300
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	2,700,000
Showtime	6,000	6,600,000
Tuxedo Network	26	20,000
Audio services		
AEI Lifestyle	142	2,578,810
AEI Star/Tracks Vocal Hits	26	854,390
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galactic Radio	165	4,300,000
KKGO Super Jazz	10	133,639
Moody Bible Institute	63	1,058,362
Satellite Radio Network	237	483,000
Tempo Sound	125	1,250,006
WFMT Chicago	170	1,259,884
Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,360
Cable SportsTracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	300,000
Genesis Storytime	39	1,550,000
Reuters NewsView	127	2,437,000
Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000

Non satellite-fed national services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000
Pay services		
Nippon Golden Network	5	13,400
Cross-channel promotion services		
NuStar	251	10,897,742

Interactive services

Basic services	Affiliates	Subscribers
Video Jukebox Network	40	4,000,000

Regional services

Basic services	Affiliates	Subscribers
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	7	180,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,200,000
Life Newsvision	35	50,000
Madison Square Garden Network	140	3,400,000
Meadows Racing Network	14	400,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pacific Sports Network (new)	N.A.	N.A.
Pennarama	28	750,000
Prime Cable	9	381,930
Prime Sports Network	11	300,000
Prime Ticket	163	3,000,000
SportsChannel (Chicago)	90	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,000,000
Pay services		
Home Sports Entertainment	250	1,000,000
Home Team Sports	123	1,200,000
New England Sports Network	171	317,201
Prism	87	427,000
Pro-Am Sports	173	523,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,028,431
SportsChannel (New York)	100	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 148 Park Avenue South, 9th Floor, New York, NY 10016.

N/A denotes information not available.

*Includes MMDS and SMATV systems. **Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services. ***Spanish-speaking households.

Announced services

Satellite-fed services	Expected launch
American Women's Network	1st Quarter 1990
The Arts Network	1st Quarter 1990
Cable Shopping Mall (QVC/CVN II)	[illegible]
Career Channel Network	[illegible]
CD/8: The Digital Music Network	4th Quarter [redacted]
Cowboy TV Network	[illegible]
Digital Cable Radio	[illegible]
Digital Radio Channel	[illegible]
The Gaming Network	[illegible]
The Global Channel	1st Quarter 1990
Global Village Network	2nd Quarter 1990
HA! TV Comedy Network (HTV)	[illegible]
The How-To Channel	2nd Quarter 1990
Minimum Entertainment Network	[illegible]
Midwest Sports News Network	[illegible]
Music Image Channel	[illegible]
The Sci-Fi Channel	4th Quarter 1990
The Sunday Channel	[illegible]
Talk Television	[illegible]

Non satellite-fed services	Expected launch
AOTV	1st Quarter 1990
Main Street	[illegible]
On Demand/UTV TV Network	[illegible]

DATABASE

Pay-Per-View Supply Chart

January — Source

The Adventures Of Baron Munchausen Columbia
MPAA Rating: PG Running Time: 126 mins.
Cast: John Neville, Eric Idle, Robin Williams

Checking Out Warner Bros.
MPAA Rating: R Running Time: 96 mins.
Cast: Jeff Daniels, Melanie Mayron, Michael Tucker

84 Charlie Mopic New Century/Vista
MPAA Rating: R Running Time: 95 mins.
Cast: Richard Brooks, Christopher Burgard, Nicholas Cascone

How To Get Ahead In Advertising Warner Bros.
MPAA Rating: R Running Time: 96 mins.
Cast: Richard Grant, Rachel Ward

Lost Angels Orion
MPAA Rating: R Running Time: 116 mins.
Cast: Donald Sutherland, Adam Horovitz, Amy Locane

Loverboy Columbia
MPAA Rating: PG-13 Running Time: 99 mins.
Cast: Patrick Dempsey, Kirstie Alley, Barbara Carrera, Kate Jackson

Renegades Universal
MPAA Rating: R Running Time: 106 mins.
Cast: Kiefer Sutherland, Lou Diamond Phillips

976-Evil IEG
MPAA Rating: R Running Time: 93 mins.
Cast: Stephen Geoffreys, Sandy Dennis

1969 IEG
MPAA Rating: R Running Time: 90 mins.
Cast: Robert Downey, Jr., Kiefer Sutherland, Bruce Dern, Mariette Hartley

The Rachel Papers MGM/UA
MPAA Rating: R Running Time: 94 mins.
Cast: Dexter Fletcher, James Spader, Ione Skye, Jonathon Pryce

Road House MGM/UA
MPAA Rating: RG Running Time: 114 mins.
Cast: Patrick Swayze, Ben Gazzara, Sam Elliott, Kelly Lynch

See No Evil, Hear No Evil Columbia
MPAA Rating: R Running Time: 102 mins.
Cast: Richard Pryor, Gene Wilder

When Harry Met Sally Viacom
MPAA Rating: R Running Time: 97 mins.
Cast: Billy Crystal, Meg Ryan

Who Framed Roger Rabbit? Disney
MPAA Rating: PG Running Time: 104 mins.
Cast: Bob Hoskins, Christopher Lloyd, Joanna Cassidy

February — Source

Do The Right Thing Universal
MPAA Rating: R Running Time: 120 mins.
Cast: Danny Aiello, Ossie Davis, Ruby Dee, Spike Lee

Great Balls Of Fire Orion
MPAA Rating: PG-13 Running Time: 108 mins.
Cast: Dennis Quaid, Winona Ryder

The Karate Kid Part III Columbia
MPAA Rating: PG Running Time: 113 mins.
Cast: Ralph Macchio, Pat Morita, Robyn Lively

Lock Up Orbis
MPAA Rating: R Running Time: 109 mins.
Cast: Sylvester Stallone, Donald Sutherland, John Amos

New York Stories Touchstone
MPAA Rating: PG Running Time: 125 mins.
Cast: Nick Nolte, Rosanna Arquette, Giancarlo Giannini, Woody Allen, Mia Farrow

Pink Cadillac Warner Bros.
MPAA Rating: PG-13 Running Time: 122 mins.
Cast: Clint Eastwood, Bernadette Peters

Star Trek V: The Final Frontier Paramount
MPAA Rating: PG Running Time: 107 mins.
Cast: William Shatner, Leonard Nimoy

Turner & Hooch Touchstone
MPAA Rating: PG Running Time: 100 mins.
Cast: Tom Hanks, Mare Winningham, Craig T. Nelson

Uncle Buck Universal
MPAA Rating: PG Running Time: 100 mins.
Cast: John Candy, Amy Madigan

Note: Running times are approximate.
NR indicates film not rated by MPAA.
* Unavailable at presstime.
Film information provided to *Cablevision* by distributors.

TV Household Profile

	ADULTS IN TV HOUSEHOLDS	%	MEN IN TV HOMES	%	WOMEN IN TV HOMES	%
TOTAL U.S. POPULATION	179,747,000	100	85,716,000	100	94,031,000	100
BASIC CABLE	96,567,000	53.7	46,902,000	54.7	49,665,000	52.8
PAY CABLE	52,370,000	29.1	26,730,000	31.2	25,640,000	27.3
MEDIAN AGE	**TOTAL**		**MEN**		**WOMEN**	
ALL HOMES	40.8		39.8		41.7	
BASIC CABLE	40.3		39.7		41.0	
PAY CABLE	37.4		36.8		37.9	
MEDIAN HOUSEHOLD INCOME	**TOTAL**		**MEN**		**WOMEN**	
ALL HOMES	$31,628		$33,612		$29,631	
BASIC CABLE	36,128		38,357		33,730	
PAY CABLE	39,040		40,971		36,900	

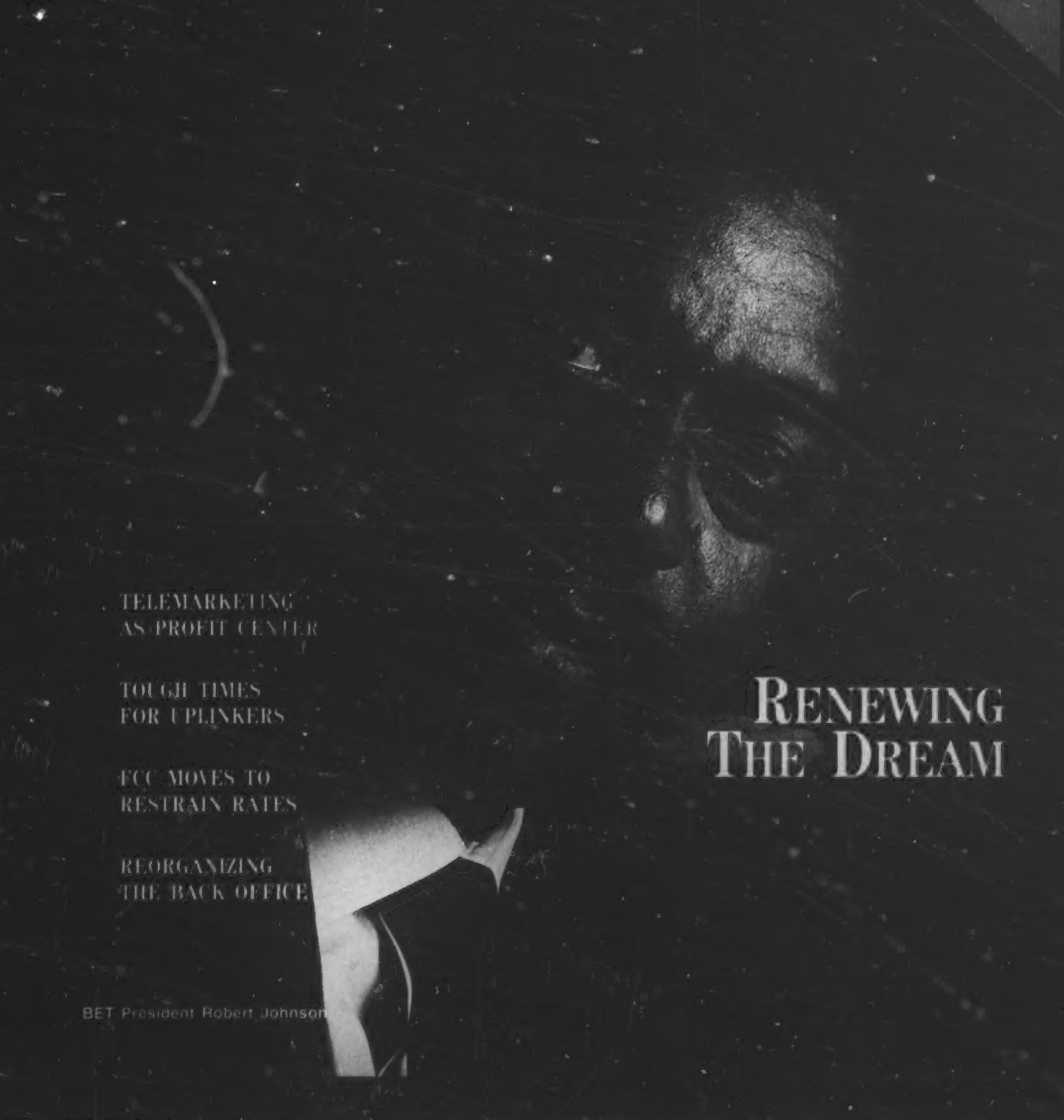
Source: Mediamark Research; estimates as of 9/89

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT JANUARY 29, 1990

C3400

cial Insert
FIBER OPTICS
HANDBOOK III



TELEMARKETING
AS PROFIT CENTER

TOUGH TIMES
FOR UPLINKERS

FCC MOVES TO
RESTRAIN RATES

REORGANIZING
THE BACK OFFICE

RENEWING THE DREAM

BET President Robert Johnson

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT JANUARY 29, 1990

COVER STORY

Photo by Arnie Adler

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Renewing the BET dream

Robert Johnson is setting lofty goals for cable's most visible minority programmer

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NAB directs its staff to pursue a law requiring fees for carrying TV stations

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All in the Family

Buying into Family Channel looks like a good deal for CBN and TCI

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HA!'s hot at NATPE

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MGM still for sale?

It says it's off the market, but insiders still are betting on a Turner deal

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Back offices on front burner . . .55
A need to increase efficiency and synergies in the back office is leading many GMs to rethink how to run their operations

State groups pushing Cable Month 60
State cable associations are putting time and money into promoting April as National Cable Month

One solution to syndex 60
Agreeing to put an indie on a lower dial position solves a syndex problem for a Florida system

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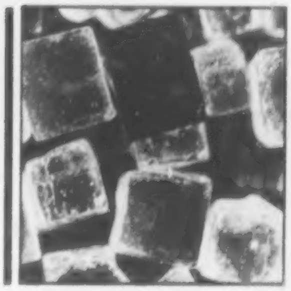
Telemarketing takes off

It's management-intensive and sometimes a nuisance, but telemarketing is booming



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Tracking the technology complicated by surge in R&D

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FCC shows its hand

A tougher effective competition standard seems certain, but not fatal

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Uplinkers' trying times

Superstation distributors are struggling with syndex, but adversity is nothing new

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ABP BPA

11th Annual ACE Winners

DRAMA

Series

Dramatic Series: *Ray Bradbury Theater*, USA; Ray Bradbury, Peter Sussman, Larry Wilcox, executive producers

Actor: Harold Gould; *Ray Bradbury Theater: To the Chicago Abyss*, USA

Actress: Sydney Walsh; *Vietnam War Story: Dirty Work*, HBO

Director: David Burton Morris; *Vietnam War Story: Dirty Work*, HBO

Writing: Terry Black; *Tales from the Crypt: Dig that Cat...He's Real Gone*, HBO

Specials

Dramatic/Theatrical Special: *HBO Showcase: Lip Service*; Michael Hausman, David Mamet, executive producers

COMEDY

Series

Comedy Series: *It's Garry Shandling's Show*, Showtime; Bernie Brillstein, Brad Grey, Garry Shandling, executive producers

Actor: Mark McKinney; *The Kids in the Hall*, HBO

Actress: Lucy Webb; *Not Necessarily the News*, HBO

Director: Alan Rafkin; *It's Garry Shandling's Show*, Showtime

Writing: Tom Gammill, Max Pross, Garry Shandling, Alan Zweibel; *It's Garry Shandling's Show*, Showtime

Specials

Comedy Special: *One Night Stand: Dom Irrera*, HBO; Peter Calabrese, Susie Fitzgerald, executive producers

Performance: Bill Maher; *One Night Stand: Bill Maher*, HBO

Director: Dean Parisot; *Steven Wright in the Appointments of Dennis Jennings*, HBO

NEWS/PUBLIC AFFAIRS

News Series/Special: *The Big Story: The Big Spill*, CNN; Chet Burgess, executive producer

Extended News/Public Affairs Coverage: *China Coverage*, CNN; Bob Furnad, Eason Jordan, Jane Maxwell, Alec Miran, Ed Turner, executive producers

Public Affairs Series/Special: *Smoking: Everything You and Your Family Need To Know*, HBO; Alvin Perlmutter, executive producer

Newscaster: Bernard Shaw, CNN

Program Interviewer: Larry King; *Larry King Live*, CNN

DOCUMENTARY

Series

Documentary Series: *Rocumentary*, MTV; Linda Corradina, executive producer

Informational/Documentary Host: Larry King; *Larry King's Night Of Soviet TV*, TBS

Specials

Documentary Special: *You Don't Have to Die*, HBO; Beth Howland, Jennifer Warren, executive producers

Director (Series/Special): Malcolm Clarke; *You Don't Have to Die*, HBO

Editing (Series/Special): Bobby Jones; *The Making of a Legend: Gone With The Wind*, TNT

MOVIE/MINISERIES

Movie/Miniseries: *Murderers Among Us: The Simon Wiesenthal Story*, HBO; Graham Benson, Robert Cooper, Abby Mann, executive producers

Actor: Ruben Blades, *HBO Showcase: Dead Man Out*

Actress: Vanessa Redgrave, *A Man for All Seasons*, TNT

Supporting Actor: James Whitmore; *Glory! Glory!*, HBO

Supporting Actress: Mimi Maynard; *The Forgotten*, USA

Director: Brian Gibson, *Murderers Among Us: The Simon Wiesenthal Story*, HBO

Writing: Ron Hutchinson, J.D. Maria, Lorna Soroko, *HBO Showcase: Dead Man Out*

MUSIC/VARIETY

Series

Music Series: *New Visions*; VH-1; Michael Simon, executive producer

Director (Series/Special): Jim Yukich; *Gloria Estefan & Miami Sound Machine*, Showtime

Specials

Music Special: *Gloria Estefan & Miami Sound Machine*, Showtime; Jerry Durkin, Emilio Estefan, Debbie Newman, executive producers

Variety Series/Special: *The Magic Circus: Cirque Du Soleil*, HBO; Helene DuFresne, executive producer

Performance: Bruce Springsteen; *HBO World Stage: The Human Rights Now Tour*

Writing (Entertainment Series/Special): Dick Blasucci, Martin Short; *HBO Comedy Hour: I, Martin Short Goes Hollywood*

ACE COUNT BY NETWORK

HBO	31
CNN	7
Showtime	6
A&E	6
USA	5
ESPN	4
TBS	3
TNT	3
The Disney Channel	3
The Discovery Channel	3
Bravo	2
MTV	2
Nickelodeon/Nick At Nite	2
The Family Channel	1
Lifetime	1
MSG Network	1
Showtime Event TV	1
TNN	1
VH-1	1

SPORTS

Series

Event Coverage: *Speedworld '89*, ESPN; Steve Anderson, supervising producer

Information: *Inside The NFL*, HBO; Ross Greenburg, executive producer

News: *NFL GameDay*, ESPN; Bob Rauscher, producer

Play-by-Play Announcer: Marv Albert; *New York Knicks Basketball*, MSG Network

Commentator/Analyst: Benny Parsons; *Speedworld '89*, ESPN

Sports Host: Paul Ryden; *NBA on TBS*

Specials

Event Coverage: *World Championship Boxing: Mike Tyson vs. Frank Bruno*, HBO; Ross Greenburg, executive producer

Information: *The Golden Age of Sport*, HBO; Nancy Beffa, Bud Greenspan, executive producers

Directing Live Event Coverage (Series/Special): Marc Peyton; *ESPN Sunday Night NFL*

CHILDREN'S

Programming (8 and younger): *Eureka's Castle*, Nickelodeon; Geoffrey Darby Kit Laybourne, executive producers

Programming (9 and older): *Danny, The Champion of the World*, The Disney Channel; Eric Abraham, producer

Animated Programming: *The Railway Dragon*, The Disney Channel; Sheldon Wiseman, executive producer

INTERNATIONAL

Documentary Series: *AIDS Now*, Bravo; Edward Goldwyn, executive producer

Documentary Special: *Shattered Dreams: Picking Up the Pieces*, The Discovery Channel; Jenifer Millstone, Victor Schonfeld, producers

Comedy Special/Drama Series or Miniseries: *The Rainbow*, A&E; Chris Parr, producer

Drama Special/Movie: *Sweet as You Are*, A&E; Graham Massey, David Thompson, executive producers

Cultural/Performing Arts: *The Modern World: 10 Great Writers*, Bravo; David Thomas, Nigel Wattis, producer/directors

Theatrical: *Stage: The Rivals*, A&E; Shaun Sutton, producer

Music: *Stage: Jacques Loussier: Bach To Bach*, A&E; Martin Baker, executive producer

Educational/Instructional: *The Wolf in Your Living Room*, The Discovery Channel; Mike Beynon, producer/writer

News/Public Affairs/Magazine/Talk: *Coup d'Etat—The Philippines Revolt*, The Discovery Channel; Ian Carroll, executive producer

Children's: *Babar*, HBO; Peter Hudecki, line producer

OTHERS

Magazine Show (Series/Special): *National Geographic Explorer*, TBS; Tim Kelly, Tom Simon, executive producers

Cultural/Performing Arts (Series/Special): *Stage: Irving Berlin—Voice Of The City*, A&E; Susan Leventhal, Carolyn Reynolds, Tony Staveacre, producers

Game Show (Series/Special): *Top Card*, TNN; Allen Reid, Mady Land, executive producers

Talk Show (Series/Special): *The Capital Gang*, CNN; Randall Douthit, senior executive producer

Educational/Instructional Series: *What Every Baby Knows—The First Three Years*, Lifetime; John Backe, Peggy Lamont, executive producers

Educational/Instructional Special: *How To Raise A Drug Free Child*; HBO; John Parsons Peditto, executive producer

Recreation & Leisure (Series/Special): *Living Dangerously: In Clippers Wake*, A&E; Thomas Horton, executive producer

Short-Form Programming Series: *Global Village News*, Nick At Nite; Herb Scannel, Scott Webb, executive producers

Short-Form Programming Special: *Not In My Backyard*, CNN; Stacy Jolna, executive producer

Entertainment Host: Billy Crystal, Whoopi Goldberg, Robin Williams; *Comic Relief III*, HBO

Original Score: Alan Silvestri; *Tales From The Crypt: And All Through the House*, HBO

Original Song: John Lewis Parker, Stephanie Tyrell *How Can I Be Sure; Glory! Glory!* , HBO

The CABLE POLL DATABASE

™Midwest CATV & CableVision Magazine

High level of interest found in removing subscriber equipment from inside the home

Better than one in four cable operators interviewed say they are considering abandoning set-top converters in favor of new technology which moves all subscriber control equipment out of the home, according to a Cable Poll™ survey which found operators about equally impressed by the technology's potential for increasing profits and in improving their systems' technical capabilities.

While the Cable Poll™ found a surprisingly high level of interest in on- and off-premises gear, it also confirmed that most operators are far from ready to rip out their huge embedded base of set-top converters. Sixty percent of the nearly 400 system management personnel surveyed said that they are not considering out-of-the-home subscriber equipment of any kind. But on the other hand, eight percent of operators interviewed during the same survey said their systems already are implementing off-premises technology and another 27 percent said they are considering it. [For simplicity, for purposes of the survey and for this article, off-premises embraces both pole-mounted (usually referred to as off-premises) and exterior house-mounted (on-premises) gear.]

Number

10

in a series of ten

And that level of interest cuts across all segments of the industry, according to an analysis of the Cable Poll™ data, ranging from a low of 23 percent of operators of small systems who say they are considering the technology to a high of 41 percent at large systems. That should buoy the hopes of manufacturers who have entered the field, including Scientific-Atlanta, which is underway with a test of its pole-mounted Addressable Interdiction system at the Warner system in Williamsburg, Va.; Jerrold Communications, which last year gained a ground-breaking commitment for 250,000 units of its Starport house-mounted product from TCI; and Midwest CATV, which has sold its Matrix product to systems in Texas, Pennsylvania, Missouri and Tennessee. An MDU version of Matrix has been installed in an apartment complex in Wilkes-Barre, Pa., and soon will be installed in a large complex in Denver. AM Cable and Eagle also have similar products.

Asked if they thought off-premises technology would improve their system's technical performance, 48 percent of Cable Poll™ respondents said yes and 35 percent said no. Considering just the responses of managers at systems owned by the Top 25 MSOs, that affirmative response rises to 51 percent.

By a slightly greater margin, operators said they believe off-premises would improve their system's financial return, with 53 percent agreeing and 32 percent disagreeing.

Jack Bryant, marketing manager for Scientific-Atlanta's Subscriber Systems Group, said the Cable Poll™ data "are fairly consistent with what we found" in two internal research surveys. Two Jerrold executives who also were asked to comment on the data, Don Moloney and John Burke, said the information tracked with their market research.

Bryant remarked that he found it "very positive" that 27 percent of the Cable Poll™ respondents said they are considering off-premises technology. "If you look at the way GMs run their systems, that is very high because if they're considering something it usually means they have plans for it in the near term. I have talked with 23 of top 25 MSOs at the corporate level, and there were only two who were not interested."

Moloney, Jerrold director of product management, said "the level of interest that has been generated in consumer friendliness has led a lot of operators, in fact the majority, at least to consider what alternatives there are to what they have been using. That is a pretty good number—35 percent—implementing or considering it as a viable alternative."

Updating the Williamsburg situation, Bryant said "things are going well." Six of the units, each of which can serve four homes, were installed in November. Another 13 or 14, he said, were installed in mid-January, with the balance—for a total of 100 units serving an upscale neighborhood of 220 homes—in place by early February. The conversion from set-top converters was to begin right after the Super Bowl.

Bryant said he was not surprised at the level of interest in off-premises' potential to enhance bottom-line revenue. "The operating cost savings are real just from the fewer truck rolls. And any technology that allows you to control connects and disconnects cost-efficiently is a big area of operating cost savings. The third area that's really exciting is the potential lift in basic and pay penetration, particularly pay. Many subscribers today avoid pay just to avoid the descrambling set-top converter."

The first of Jerrold's Starport units are scheduled to be installed in early February at TCI's Boulder, Colo., system, and initial test results available by the end of the month. Burke, Jerrold's product manager, said full-scale production of the Starport, where each unit serves a single home, will begin in mid-February.

Matrix, a marriage of standard traps with addressability, was developed with Syrcuits International and is marketed by Midwest, noted Steve Brazil, vice president of marketing and product management.

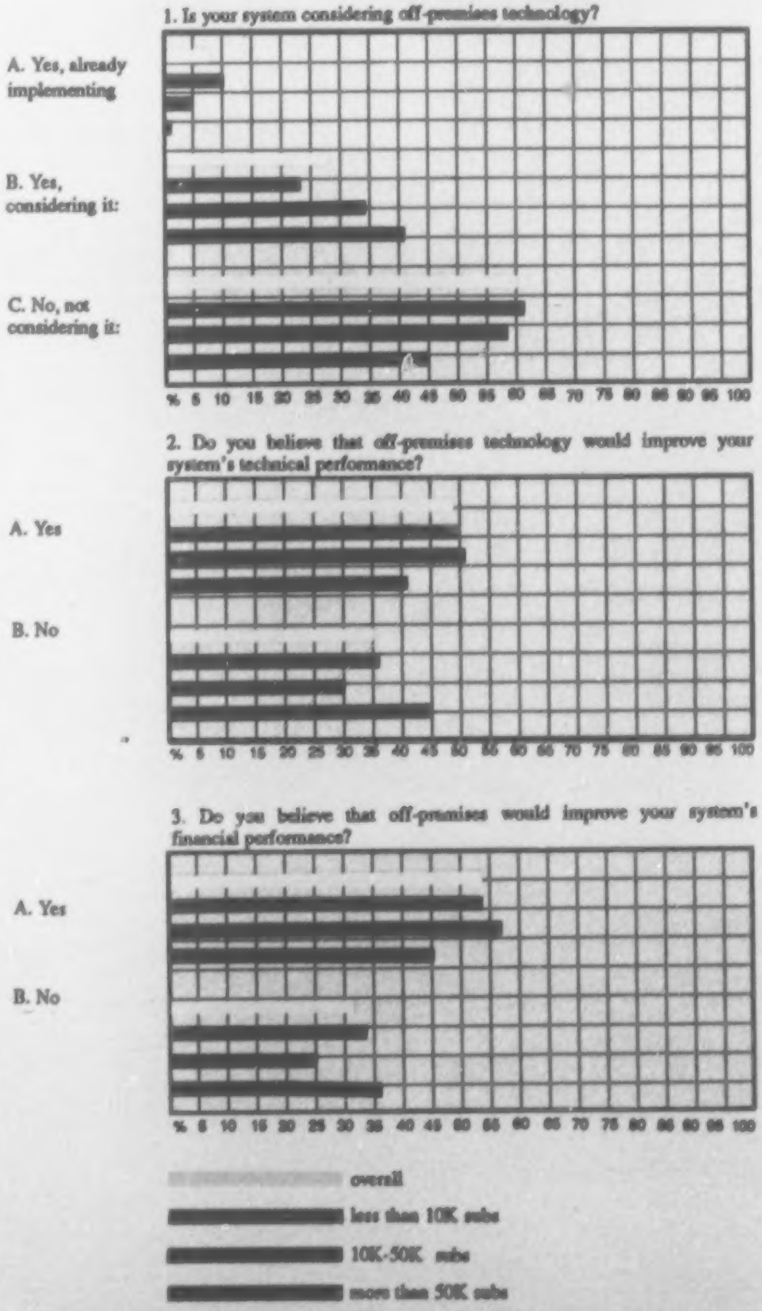
Burke, Moloney and Brazil commented that the biggest advantages to off-premises, whether pole-mounted or house-mounted, is its consumer friendliness and the control the operator gains over distribution. They also noted that it eliminates theft of subscriber equipment and reduces signal leakage (because taps are permanent, they can be shrink-wrapped or otherwise made to withstand leaking).

The Jerrold, S-A and Midwest executives said they believe off-premises technology will be the wave of the future, probably after some refinements to tailor capabilities to individual needs of operators. "In 1990 you will see a lot of field trials by MSOs with one or two systems," Moloney said. "Then in '91 I suspect that what you will find is several other MSOs jump in who have various other applications for on- or off-premises.

"It has to happen," Moloney continued. "Consumer friendliness must be dealt with over the next few years to keep subs happy. But there probably will be an evolution of all these products... ultimately leading to some sort of device in the home that integrates all sorts of services."

Brazil said that "cable should be no different than gas or electric service in that we should allow the customer to do anything they want inside as long as our signal allows it to be done." He said CLI considerations are a major attraction of off-premises technology. "A lot of the surveys I have seen show that most leakage comes from the subscriber's drop or the dwelling. With an off-premises device you can solve that easily." ■

Adding up your answers:



HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-19 with a random sample of 387 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

Top 100 MSO's

Rank	Multiple system operator	Basic subs	
1.	Tele-Communications Inc.*	6,792,535	(1/90)
2.	American Television & Communications Corp.	4,300,000	(12/89)
3.	UA Entertainment	2,530,000	(9/89)
4.	Continental Cablevision	2,525,000	(1/90)
5.	Warner Cable Communications	1,713,000	(1/90)
(8) 6.	Comcast	1,535,000	(1/90)
(6) 7.	Storer Cable Communications	1,530,000	(1/90)
(7) 8.	Cox Cable Communications	1,528,390	(1/90)
(10) 9.	Cablevision Systems	1,387,771	(1/90)
(9) 10.	Jones Intercable/Spacelink**	1,291,162	(1/90)
11.	Newhouse Broadcasting	1,200,000	(11/89)
12.	Heritage Communications	1,131,343	(11/89)
13.	Times Mirror Cable TV	1,071,282	(1/90)
(15) 14.	Cablevision Industries	998,544	(1/90)
(14) 15.	Viacom Cable	994,889	(11/89)
16.	Sammons Communications	873,590	(1/90)
17.	Century Communications	825,000	(10/89)
18.	Adelphia Communications	766,000	(1/90)
19.	Paragon Communications	764,734	(1/90)
20.	Cooke Cablevision	730,800	(5/89)
21.	Falcon Cable TV	700,000	(10/89)
22.	Telecable	584,552	(1/90)
(24) 23.	KBLCOM	560,000	(1/90)
(25) 24.	Scripps-Howard	540,000	(1/90)
(26) 25.	Multivision Cable TV	499,491	(1/90)
(27) 26.	Tele-Media	475,163	(9/89)
(28) 27.	Prime Cable	468,822	(1/90)
(29) 28.	Lenfest Group	440,983	(1/90)
(32) 29.	Maclean Hunter Cable TV***	437,500	(1/90)
(31) 30.	Post-Newsweek Cable	413,213	(1/90)
(30) 31.	Cencom Cable	410,000	(11/89)
(33) 32.	TCA Group	405,000	(1/90)
(36) 33.	Multimedia Cablevision	328,902	(1/90)
34.	Colony Communications	327,924	(1/90)
(37) 35.	Simmons Communications	315,000	(12/89)
(35) 36.	Rifkin & Associates	312,700	(1/90)
(38) 37.	TKR Cable	289,300	(1/90)
(40) 38.	Western Communications	287,899	(1/90)
39.	Triax Communications	279,612	(1/90)
(43) 40.	Star Cablevision Group	240,096	(8/89)
41.	Hauser Communications	238,000	(1/90)
(44) 42.	Service Electric Cable TV Inc.	220,000	(1/90)
(45) 43.	Greater Media	205,000	(9/89)
(46) 44.	King Videocable	193,413	(1/90)
(47) 45.	Sutton Capital	189,179	(9/89)
(48) 46.	Harron Communications	184,344	(1/90)
(49) 47.	Columbia International	182,000	(1/90)
(50) 48.	Media General	181,785	(1/90)
(54) 49.	Insight Communications	178,000	(11/89)
(51) 50.	C-TEC Cable Systems	174,814	(9/89)
(52) 51.	U.S. Cable Corp.	172,500	(1/90)
(53) 52.	Palmer Communications	166,059	(1/90)
(55) 53.	Armstrong Utilities	153,902	(1/90)
(56) 54.	Northland Communications	141,398	(11/89)
(57) 55.	Summit Communications	141,000	(10/89)
(new) 56.	Jones/Crown Cable	136,000	(1/90)
(58) 57.	Bresnan Communications	129,780	(1/90)
(59) 58.	Booth Communications	125,437	(1/90)
(61) 59.	McDonald Group	125,000	(1/90)
60.	Susquehanna Broadcasting	117,109	(1/90)
(62) 61.	United Video Management	117,000	(1/90)
(63) 62.	Pencor Services	108,564	(1/90)
(65) 63.	Sonic Communications	97,837	(12/89)
(66) 64.	Midcontinent Cable Systems Co.	95,550	(6/89)
(67) 65.	WEHCO Video	95,666	(1/90)
(64) 66.	First Carolina Communications	94,253	(1/90)
(68) 67.	Gilbert Media	93,000	(1/90)
(69) 68.	Coaxial Communications	83,300	(5/89)
(72) 69.	Barden Cablevision	79,783	(1/90)
(73) 70.	James Cable Partners	76,756	(1/90)
71.	Mission Cable	74,223	(1/90)
(82) 72.	Douglas Communications	72,400	(1/90)
(74) 73.	Fanch Communications	65,000	(1/90)
(new) 74.	Chambers Communications	64,039	(1/90)
75.	Cardinal Comunications	61,287	(1/90)
(77) 76.	Leonard Communications	60,000	(10/89)
(78) 77.	Omega Communications	60,000	(8/89)
(79) 78.	Helicon Corp.	60,000	(1/90)
(80) 79.	Hearst Communications Of California	58,200	(5/89)
(81) 80.	Telesat Cablevision Inc.	57,235	(6/89)
(83) 81.	State Cable TV	56,200	(1/90)
(84) 82.	Galaxy Cablevision	54,868	(1/90)
(76) 83.	Prestige Cable TV Inc.	52,774	(1/90)
(86) 84.	New England Cablevision	52,409	(1/90)
85.	Joseph Gans Cable TV	51,000	(1/90)
(88) 86.	Rock Associates	49,053	(1/90)
(89) 87.	Donrey Media Group	49,040	(12/89)
(87) 88.	Republic Communications Corp.	48,000	(5/89)
(90) 89.	Cable America Corp.	46,101	(11/89)
(95) 90.	Star Cable Associates	46,000	(1/90)
91.	360 Corp.	45,000	(5/89)
92.	CableSouth Inc.	43,420	(10/89)
93.	Cable Holdings Inc.	43,135	(10/89)
94.	Masada Corp.	43,120	(8/89)
(96) 95.	Eastern Connecticut Cable TV	41,820	(6/89)
(97) 96.	C4 Media	41,275	(7/89)
(98) 97.	Raystay Co.	40,447	(8/89)
(99) 98.	Acton Corp.	40,400	(3/89)
(100) 99.	Schurz Communications	40,078	(8/89)
(new) 100.	Benchmark Communications	38,000	(1/90)

( ) Rank last listing

*** reflects WestMarc Communications acquisition ** reflects Jones/Crown Cable MSO spinoff *** reflects Selkirk Communications acquisition**

Subscriber counts are provided by MSOs and systems to Cable Vision. Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 345 Park Avenue So., 9th Floor, New York, NY 10010.

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	482,710	(12/89)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Manhattan, NY	ATC	231,864	(6/89)
6.	Puget Sound, WA	Viacom	225,800	(6/89)
7.	Phoenix, AZ	Times Mirror	220,968	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), Il	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Houston, TX	Warner	179,000	(9/89)
13.	Wayne, NJ	UA Entertainment	176,838	(11/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Brooklyn/Queens, NY	ATC	170,000	(1/90)
16.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
17.	Cincinnati, OH	Warner	167,000	(6/89)
18.	Cleveland, OH	Cablevision Systems	166,604	(12/89)
19.	Atlanta, GA	Prime Cable	166,000	(9/89)
20.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
21.	Fairfax, VA	Media General	164,519	(6/89)
22.	Connecticut Complex	Cablevision Systems	160,701	(12/89)
23.	Tulsa, OK	UA Entertainment	159,551	(7/89)
24.	Kansas City, MO	ATC	158,500	(11/89)
25.	Jacksonville, FL	Continental Cablevision	154,600	(5/89)
26.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,683	(6/89)
27.	Montgomery County, MO/ Arlington, VA	Hauser	150,000	(1/90)
28.	Chicago, IL	TCI	148,857	(4/89)
29.	Charlotte, NC	ATC	148,850	(9/89)
30.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
31.	Baltimore County, MD	Comcast	144,000	(6/89)
32.	Memphis/W. Memphis, TN	ATC	143,957	(10/89)
33.	Manhattan, NY	Paragon	141,500	(6/89)
34.	Pompano, FL	Continental	140,084	(9/89)
35.	Buffalo, NY	Adelphia Communications	139,515	(8/89)
36.	Denver (suburbs), CO	UA Entertainment	139,303	(6/89)
37.	San Diego, CA	ATC	135,300	(11/89)
38.	St. Louis, MO	Cencom	135,230	(8/89)
39.	San Francisco, CA	Viacom	134,000	(6/89)
40.	Austin, TX	ATC	126,100	(10/89)
41.	Martin/Stuart Co, FL	Centel	125,000	(10/89)
42.	Seattle, WA	TCI	124,613	(8/89)
43.	Warren, NJ	TKR	119,350	(7/89)
44.	Pinellas County, FL	Newhouse	114,000	(6/89)
45.	Wilmington, DE	Heritage	112,000	(6/89)
46.	Tacoma, WA	Viacom	112,000	(6/89)
47.	Grand Rapids, MI	UA Entertainment	111,198	(6/89)
48.	San Diego County, CA	Times Mirror	111,029	(5/89)
49.	Toledo, OH	Blade Communications	110,785	(5/89)
50.	Southeast Michigan	Comcast	110,000	(6/89)
51.	Chicago Suburbs, IL	Centel	109,376	(5/89)
52.	Raleigh/Durham, NC	ATC	109,000	(9/89)
53.	Las Vegas, NV	Prime Cable	107,288	(5/89)
54.	Dallas, TX	Heritage	107,244	(6/89)
55.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
56.	San Juan, PR	Multivision Cable	106,046	(6/89)
57.	Boston/Brookline, MA	Cablevision Systems	104,025	(12/89)
58.	Indianapolis, IN	Comcast	104,000	(6/89)
59.	Richmond, VA	Continental	102,121	(10/89)
60.	Nashville, TN	Viacom	101,500	(6/89)
61.	Hillsborough/Tampa, FL	Paragon	100,281	(2/89)
62.	Pittsburgh, PA	TCI	98,952	(8/89)
63.	Jackson, MS	ATC	98,915	(10/89)
64.	Chicago, IL	Group W	98,700	(5/89)
65.	Monmouth, NJ	Sutton Capital	97,579	(9/89)
66.	Greensboro, NC	ATC	96,140	(10/89)
67.	St. Petersburg, FL	Paragon	95,412	(2/89)
68.	Columbus, OH	Warner	95,000	(9/89)
69.	Reading, PA	ATC	95,000	(10/89)
70.	Naples, FL	Palmer	94,450	(6/89)
71.	Worcester Complex, MA	Greater Media	94,897	(9/89)
72.	Portland, OR	KBLCOM	91,500	(8/89)
73.	Dade/Broward County, FL	Storer	90,000	(8/89)
74.	Wichita, KS	Multimedia	88,732	(9/89)
75.	Independence,MO	Jones	88,628	(8/89)
76.	Minneapolis/St. Paul suburbs, MN	Hauser	88,000	(1/90)
77.	Tucson, AZ	Cooke	86,976	(8/89)
78.	Fresno, CA	Continental	86,317	(10/89)
79.	Akron, OH	Warner	86,000	(9/89)
80.	Fayetteville, NC	ATC	86,000	(10/89)
81.	Milwaukee, WI	Warner	86,000	(9/89)
82.	Harrisburg, PA	Sammons	85,200	(8/89)
83.	Orange County, CA	KBLCOM	85,100	(8/89)
84.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
85.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
86.	Albuquerque, NM	Jones Intercable	83,119	(5/89)
87.	South Bend, IN	Heritage	82,744	(6/89)
88.	Houston Suburbs, TX	Prime Cable	82,000	(6/89)
89.	Medford, MA	Warner	82,000	(6/89)
90.	Buffalo, NY	TCI	81,358	(7/89)
91.	W. San Fernando Valley, CA	CV Industries	81,178	(1/90)
92.	Oakland County, MI	UA Entertainment	80,564	(8/89)
93.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
94.	New Orleans, LA	Cox Cable	78,979	(6/89)
95.	Providence/Warwick, RI	Times Mirror	78,528	(6/89)
96.	Allentown, PA	Service Electric	78,000	(8/89)
97.	Thousand Oaks, CA	Western	78,000	(8/89)
98.	Indianapolis, IN	ATC	75,715	(10/89)
99.	Omaha, NE	Cox Cable	75,625	(6/89)
100.	South Texas, TX	Heritage	75,560	(6/89)

State Of The Business

REVENUES

Cable System
(in billions)

Year	Total
1990 (projected)	$17.3
1988	13.7
1986	10.2
1984	8.4
1982	5.5
1980	2.9

Network Advertising
(in millions)

Year	Total
1990 (projected)	$1,646
1988	1,111
1986	747
1984	487
1982	195
1980	50

CHANNEL LOADING

Capacity	Percent of Systems	Subscriber Base
54 or more	20.6	9,400,000
30-53	66.2	30,100,000
20-29	9.8	4,000,000
13-19	.6	300,000
12 or less	2.1	1,000,000
Don't know	1.6	700,000

OPERATOR EMPLOYMENT (as of 1/89)

Type	Jobs	Type	Jobs
Office/Clerical	26,780	Craftsmen/women	7,138
Technicians	15,040	Professionals	3,726
Officials/Managers	13,493	Maintenance	1,186
Operations Staff	12,932	Other services	342
Sales	10,705	Grand Total	91,342

INDUSTRY EXPENDITURES

GNP Contribution
(in billions)

Year	Total
1990 (projected)	$41.9
1988	31.8
1986	24.8

1990 Cable Programming Outlay
(in millions)

Service Type	Total
Basic	$1,300
Pay	1,180
Pay-per-view	110

IMPACT ON OTHER INDUSTRES

Business Sector	1990 Linked Industry Revenues (in millions)
Transportation/Communications & Public Utilities	$4,820
Consumer Services (various)	1,660
Manufacturing	1,550
Finance/Insurance/Real Estate	510
Contract Construction	430
Wholesale/Retailing Trades	310
Grand Total	**$9,280**

Source: Impact '90 report prepared by Bortz & Co., for Daniels & Associates (released 1/90)

CableVision

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FEBRUARY 12, 1990

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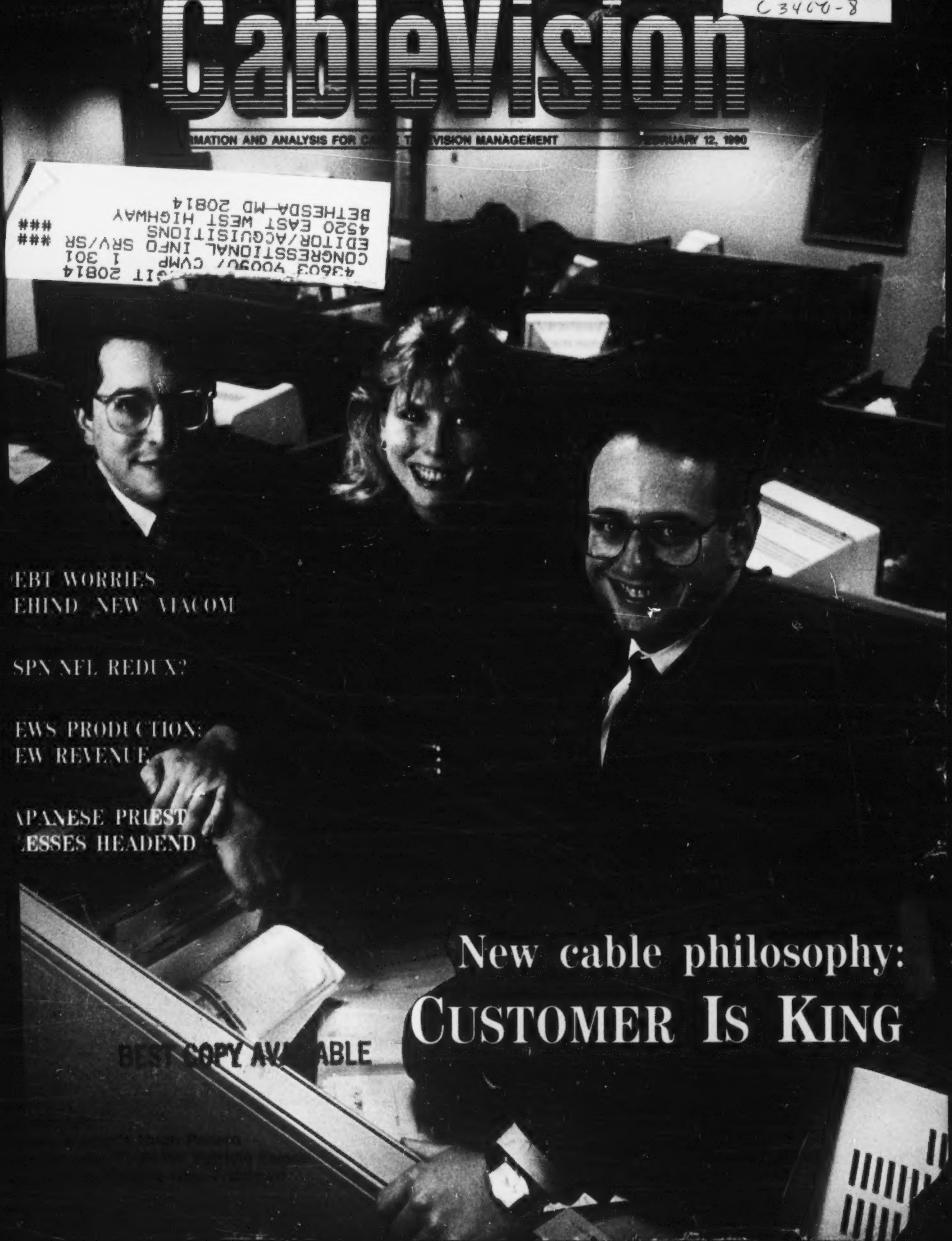

EBT WORRIES
EHIND NEW VIACOM

SPN NFL REDUX?

EWS PRODUCTION:
EW REVENUE

APANESE PRIEST
ESSES HEADEND

New cable philosophy:
CUSTOMER IS KING

BEST COPY AVAILABLE

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT FEBRUARY 12, 1990

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The 'New' Viacom
Reborn giant leaves debt worries, Time Warner behind

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NEWS

Sikes to mayors: definition may change but not power over rates

FCC chairmen usually are circumspect about commenting on official matters before them, but Al Sikes left no doubt during a talk with mayors where he stands on the notice of proposed rulemaking the agency has begun for reregulating cable rates.

As far as he is concerned, there will be a new definition of "effective competition," and there will be no federal price regulation, Sikes told the U.S. Conference of Mayors communications committee.

The cable industry has conceded that the mood exists for changing the definition of "effective competition," which now means three over-the-air signals available in the area of cable service. But it also has made known that if there is to be an easing of restrictions on regulating rates for basic cable service, that there be some federal controls on the ability of local communities to act.

Although Sikes confirmed federal control is not likely, the commission will consider some preemption of the city authority, such as allowing an automatic passthrough of the inflation rate to basic cable subscribers.

—Howard Fields

DID YOU HEAR THE ONE ABOUT THE TWO LAWYERS?...

For the past six months, the cable industry has wondered could two comedy channels survive. Believe it or not, one must ask the same question about two legal channels.

On the heels of Rainbow Programming's announced plans to launch in September "In Court," a similar basic cable service featuring live coverage of court proceedings and law-related entertainment series, conceived by Time Warner and *American Lawyer* magazine, reportedly will be launched in the fall.

A Time Warner spokesman confirmed the project was in the conceptual stages. "This is something that's being discussed," the spokesman said. The channel's format reportedly will feature live or videotaped coverage of high profile civil or criminal proceedings around the country.

Steven Brill, president of American Lawyer Media, refused to confirm or deny that his company was collaborating with Time Warner on the project.

Observers speculate that the popularity of shows such as *L.A. Law* and the syndicated *People's Court* have helped inspire the new cable concepts.

—Richard Tedesco

Correction

A chart included with a feature on the stock market in the Jan. 15, 1990 issue contained several errors. A number of the listed stocks comparing previous year stock values did not reflect changes brought about by stock splits. The correct comparison would show:

	Price 12/14/88	Price 12/14/89	Change
Century Communications (3-for-2 split)	$ 8.00	$11.50	+ $3.50
C-TEC Cable Systems (3-for-1)	14.18	24.75	+ 10.57
TCA Cable (2-for-1)	15.25	16.75	+ 1.50
TCI (2-for-1)	12.12	16.38	+ 4.26

Trying to avoid scrutiny, TCI continues moratorium

Tele-Communications Inc. turned down brokers soliciting interest for Palmer Communications and Insight properties, showing that TCI is serious about its publicly stated intentions to stay out of the acquisitions market.

The company also declined to make a bid on the Newark, N.J. property being sold by Gilbert Communications. Sources say the moratorium will continue as long as political scrutiny makes acquisitions unpleasant for the company.

Lately TCI has been preoccupied with sorting out its recently announced, still-unnamed spinoff company, which will include both its programming interests and some systems, as well as reconfigure some of its partnerships and the publicly-held company in which it has limited investments. TCI is also continuing discussions with InterMedia Partners about an in-kind contribution of some east coast properties that would bolster TCI's stake in the partnership.

It also recently completed a new $400 million revolving credit facility for its TCI West Inc., the wholly-owned subsidiary that owns systems in the west.

—Robert O'Brien

Subscriber Count

Satellite national services

Basic services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	420	9,200,000
Alternate View Network	300	4,500,000
Arts & Entertainment Network (A&E)	4,600	42,000,000
Black Entertainment Television	1,800	24,218,000
CNBC	750	13,000,000
Cable News Network	12,177	52,600,000
Cable Value Network	1,800	23,300,000
C-SPAN	3,341	47,500,000
C-SPAN II	649	19,300,000
The Comedy Channel	500	6,000,000
Country Music Television	1,092	9,124,974
The Discovery Channel	7,052	47,400,000
Eco/Galavision	300	1,000,000
ESPN	20,500*	54,800,000
Eternal Word Television Network	580	13,300,000
The Family Channel	8,435	45,870,000
Family Guide Network	60	4,500,000
FamilyNet	384	3,800,000
Financial News Network	3,500	32,000,000
FNN Sports	1,600	20,000,000
Headline News	4,443	39,400,000
Home Shopping Network	1,488	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	920	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	119	5,100,000
KTVT	417	3,600,000
The Learning Channel	1,150	19,000,000
Lifetime	4,600	46,400,000
Mind Extension University	156	8,000,000
MTV	5,405	47,137,000
Movietime	447	14,000,000
The Nashville Network	8,318	45,923,000
National College Television	380	6,569,228
Nick At Nite	3,440	39,600,000
Nickelodeon	6,600	47,183,000
The Nostalgia Channel	421	8,000,000
Prevue Guide	400	12,000,000
QVC Network	1,000	14,100,000
RFD TV	30	2,182,190
Silent Network	189	13,600,000
SportsChannel America	25	2,100,000
TBS Superstation	13,013	51,000,000
Telemundo***	8	110,000
TNT	4,700	10,000,000
The Travel Channel	511	14,000,000
Trinity Broadcasting Network	725	9,100,000
Univision***	500	509,500
USA Network	10,100	50,800,000
VH-1	3,000	34,600,000
Vision Interfaith Satellite Network	315	6,200,000
The Weather Channel	3,700	39,200,000
WGN-TV	11,415	24,900,000
WWOR-TV	2,600	12,500,000
WPIX-TV	858	9,678,474
WSBK-TV	57	350,808

Bonus/basic services

Bonus/basic services	Affiliates	Subscribers
American Movie Classics	1,700	24,000,000
Bravo	375	3,000,000

Pay services

Pay services	Affiliates	Subscribers
Cinemax	3,650	6,600,000
The Disney Channel	5,700	4,337,300
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	2,700,000
Showtime	6,000	6,600,000
Tuxxedo Network	26	20,000

Audio services

Audio services	Affiliates	Subscribers
AEI Lifestyle	142	2,578,838
AEI StarTracks Vocal Hits	26	854,390
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galatic Radio	165	4,300,000
KKGO Super Jazz	18	133,639
Moody Bible Institute	63	1,058,368
Satellite Radio Network	237	483,000
Tempo Sound	125	1,250,000
WFMT Chicago	170	1,259,804

Text services

Text services	Affiliates	Subscribers
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	300,000
Genesis Storytime	39	1,550,000
Reuters NewsView	127	2,437,000

Computer services

Computer services	Affiliates	Subscribers
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000

Non satellite-fed national services

Basic services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000

Pay services

Pay services	Affiliates	Subscribers
Nippon Golden Network	5	13,600

Cross-channel promotion services

Cross-channel promotion services	Affiliates	Subscribers
NuStar	351	10,097,742

Interactive services

Basic services

Basic services	Affiliates	Subscribers
Video Jukebox Network	40	4,000,000

Regional services

Basic services

Basic services	Affiliates	Subscribers
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	7	180,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,200,000
Life Newsvision	35	50,000
Madison Square Garden Network	168	3,400,000
Meadows Racing Network	14	600,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pacific Sports Network	N.A.	N.A.
Pennarama	28	750,000
Prime Cable	9	381,938
Prime Sports Network	11	300,000
Prime Ticket	163	3,800,000
SportsChannel (Chicago)	50	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,800,000

Pay services

Pay services	Affiliates	Subscribers
Home Sports Entertainment	250	1,000,000
Home Team Sports	125	1,200,000
New England Sports Network	171	317,201
Prism	87	427,000
Pro-Am Sports	173	523,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,028,431
SportsChannel (New York)	100	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 345 Park Avenue South, 9th Floor, New York, NY 10010.

N/A denotes information not available.

*Includes MMDS and SMATV systems. **Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services. ***Spanish-speaking households.

Announced services

Satellite-fed services	Expected launch
American Western Network	1st Quarter 1990
The Asia Network	1st Quarter 1990
Cable Shopping Mall (QVC/CVN II)	4/90
Career Channel Network	1990
Career TV Network	2nd Quarter 1990
CD/16: The Digital Music Network	1st Quarter 1990
Cowboy TV Network	3/90
Digital Cable Radio	1st Quarter 1990
Digital Radio Channel	1st Quarter 1990
The Gaming Network	9/90
The Global Channel	1st Quarter 1990
Global Village Network	3rd Quarter 1990
HA! TV Comedy Network (MTV)	4/90
The How-To Channel	2nd Quarter 1990
In Court	9/90
Maximum Entertainment Network	1990
Mizlou Sports News Network	2/90
Music Image Channel	1990
The Sci-Fi Channel	4th Quarter 1990
The Syndex Channel	1990
Talk Television	1990

Non satellite-fed services	Expected launch
ACTV	1st Quarter 1990
Main Street	1990
On Demand/UTV TV Network	1990

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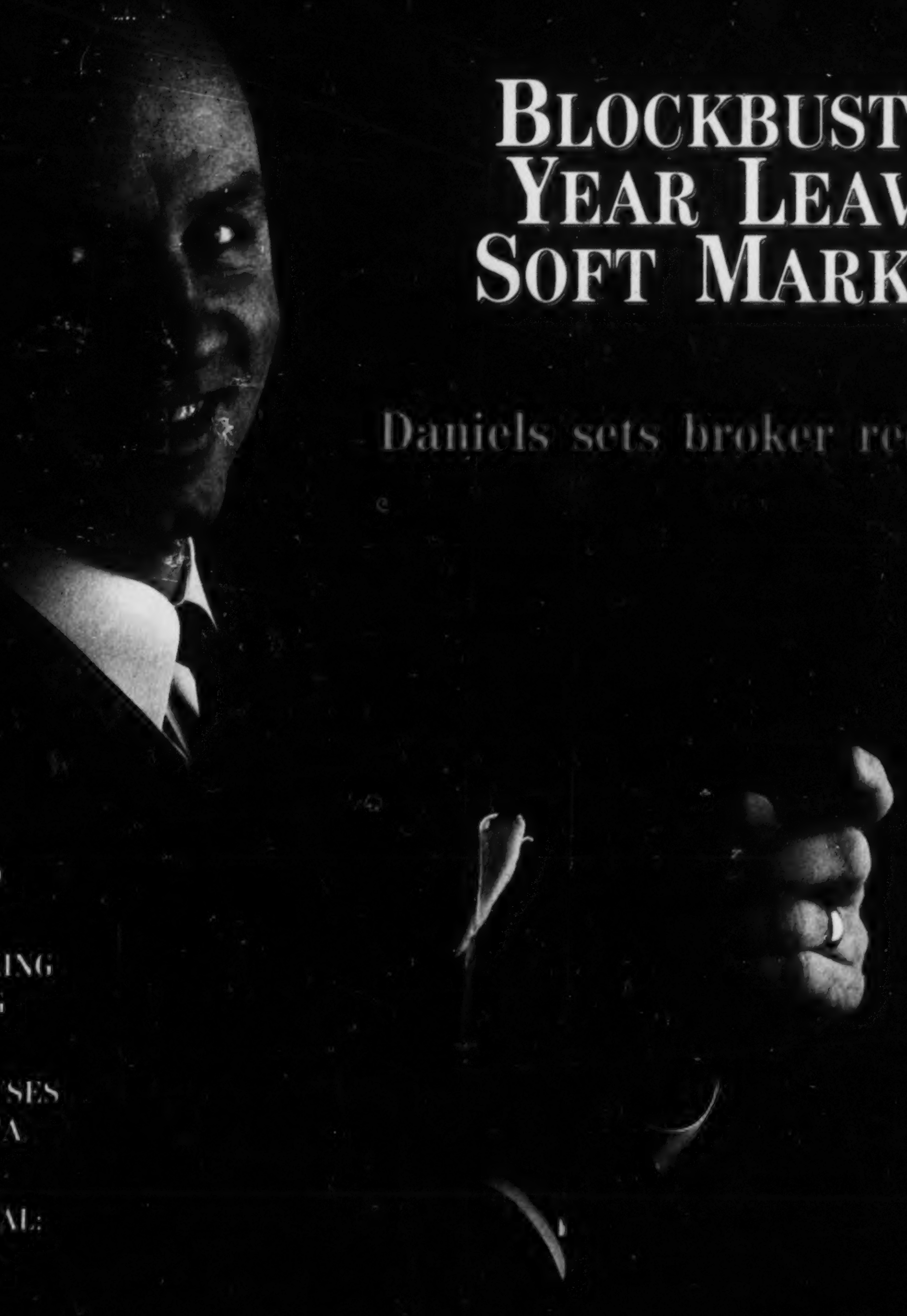
INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

FEBRUARY 26, 1990



BLOCKBUSTER YEAR LEAVES SOFT MARKET

Daniels sets broker record

HOME SHOPPING
NO LONGER A FAD

FIBER TAKES LICKING
KEEPS ON TICKING

WASHINGTON FOCUSES
ON RURAL AMERICA

NETHERLANDS' GOAL:
95% PENETRATION

Daniels President Brian Deevy

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT FEBRUARY 26, 1990

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Low-cost generic spots gaining in system popularity

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ABP BPA

MONEY

Record year for deals may turn soft in 1990

By Robert O'Brien

Brokers of cable television properties posted another record year in 1989, a performance fueled by what had been a continuing surge in value of cable subscribers and a vital sellers' marketplace that found operators bidding spiritedly for available properties.

Even as multiples jumped to 13 times cash-flow on average, consolidation of available properties by top MSOs continued, and brokers found little trouble lining up buyers for their listings.

In many cases, brokers exploited MSOs' urge to consolidate by packaging properties strategically, carving large properties into discrete components that attracted the highest aggregate bids.

Brian Deevy, who in December was named president of Daniels & Associates, the leading broker in 1989.

"By any measure, 1989 was the best year we've ever had," says Brian Deevy, who was named president of Daniels & Associates at the end of what was a record year for the firm. Daniels brokered $1.9 billion worth of cable properties in 1989, including a project with the investment banking firm of Lazard Freres that sold Centel's cable holdings to six operators for a total of $1.4 billion.

Daniels' totals for the year also included investment banking activities worth another $422,000, and financial advisory services—including consultation on the United Artists merger—to cable properties worth over $3 billion. In all, Daniels participated in cable transactions with a combined estimated value of $5.4 billion.

However, the euphoria of the year's totals were clouded by a perceptible slowdown that squeezed the market by the end of 1989. A host of adverse factors, including possible reregulation, a weak debt market, and a drop in stock values for cable companies, coalesced to provoke new concerns about the vitality of the market.

In some cases, the situation became desperate. A handful of the deals that had been negotiated during the year's bustling days collapsed before they could close, usually because of a lack of financing. These instances of "cratered" deals—to use brokers' parlance—in some cases cost buyers their earnest money, and sent sellers back into the market with properties that now seemed less attractive.

"I know of as many as a dozen deals that had contracts, or at least handshakes, that didn't get done," says one broker.

It was the best of times. It was the worst of times. In that order.

In the past, an occasional deal to sell a cable property didn't close. In fact, last year's largest deal, the sale of Cooke Cablevision to a consortium of MSOs, was sent back to the bargaining table a second time after Cooke

BROKER ACTIVITY '89

(Dollar amounts in millions)

Company	Deals Brokered	$ Brokered	Deals Financed	$ Financed
Cable Investments, Inc.	11	$ 72	6	$ 86
Clifton Gardiner & Associates	23	27	N.A.	N.A.
Communications Equity Associates	30	638	7	44
Communications Resources Unlimited	9	5	N.A.	N.A.
Daniels & Associates	55	1,931	15	422
The Denver Group	3	358	6	50
Frank Boyle & Co	7	5	N.A.	N.A.
Hardesty, Puckett & Co.	24	116	4	36
Johnson Crowley & Associates	10	88	4	44
Jones Group	12	405	N.A.	N.A.
JW Capital	6	33	N.A.	N.A.
Martz Media	5	23	N.A.	N.A.
Pat Thompson	26	16	N.A.	N.A.
Pyms	11	30	N.A.	N.A.
Waller Capital	23	1,403	N.A.	N.A.

Charles Greene Associates and Coaxial declined to provide information for this chart.

N.A. — information not available

*Brokers were credited with 100 percent of co-brokered deals, which may appear on more than one broker's chart. Charts include only cable system transactions.

Cable Investments, Inc.

System Location	Buyer	Seller	Basic subs	Homes Passed
Dierks/Daisy/Fulton/ Saratoga, AR	Cablevision	Dierks TV Cable	1,550	2,647
Various cities, OK/TX	Mission Cable	Cablevision of Texas	17,324	28,762
Durant, OK	James Cable	Durant CV	5,200	7,526
Kellogg/Pinehurst/ Smelterville, MD	West Star	Clearwater Communications	3,443	4,791
Madelia, MN	Amzak Cable Midwest	Home CV Co.	525	1,110
Schroeppel, NY	Cablevision Industries	Dimension Cable	900	1,200
Bailey/Hamilton, NC	C4 Media	Triangle East	4,200	10,037
Ellsworth, WI	Leonard	Ingersoll Industries	400	11,000
Sonora/Upton/Whitesville, KY	Command Cable	Joe McCorkle Co.	530	1,030
Various cities, NC	C4 Media	Red's Cable & TV	2,700	5,000
Other cities, various states	N.A.	N.A.	1,361	N.A.

Clifton Gardiner & Associates

System Location	Buyer	Seller	Basic subs	Homes Passed
Lauderdale/Russell, MS	Vista Communications	Community Cable	661	1,000
DeKalb, MS	Vista Communications	Hughes Telephone	164	250
Cold Springs, CO	Colorado Springs CV	Comstar Corp.	400	400
Velma, OK	Mission Cable	Master Cable	617	1,200
Mertzon/Sterling, TX	Mission Cable	Starvision Cablesystems	630	1,000
Cache/Indiahoma, OK	Mission Cable	Cache Cablevision	857	1,100
Hinton, WV	Helicon Group	Southside TV	57	83
Various cities, OH	Cooney Cable	Capital Cable	880	1,592
Hickory Flat/Potts Camp, MS	Vista Communications	Control Equity	450	750
Various cities, TX	Sagebrush Cable	Northland Communications	3,936	8,660
Louise, TX	Mid-Coast Cable TV	Louise Cable TV	220	310
Benoit/Cary/Silver City, MS	AMW Cable	Smith Electronics	200	530
Joseph City, AZ	Catron Communications	Williams	245	354
Reeder/Scranton, ND/ Buffalo, SD	Midcontinent Cable	David Olmstead	304	492
Various cities, SD	Satellite Cable	Town & Country Cable	434	835
Zeeland, ND	Midcontinent Cable	Town & Country Cable	60	100
Wayne County, WV	Econoco Inc.	Olympic	286	420
Lolita/Vanderbilt, TX	Blessing Cable TV	Lolita & Vanderbilt Cable	265	304
Lavernia, TX	Blessing Cable TV	Lavernia Cable Co.	100	660
Blanco, TX	Blessing Cable TV	Blanco Cable TV	300	600
Wardensville, WV	Valley Cable TV	Co-Op TV Inc.	304	340
Capon Bridge, WV	Valley Cable TV	Dewy & Lovett Ent.	250	339
Various cities, MN/ND	Midcontinent Cable	United Cable Management	6,169	7,730

repudiated the first sales agreement.

But for the first time, deals collapsed, not because of the personalities of the participants or circumstances unique to the transaction, but because of adverse marketplace conditions.

These problems sent to an already skittish Wall Street signals that the business had become troubled. Though the instances of cratering occured in only a fraction of all deals, and were even then limited to smaller deals, experts privately say that such a collapse in a large deal—if it ever occured—could do to the cable market what Campeau's failure did to the junk-bond market.

Many industry experts involved in the business of selling cable systems, including brokers, lenders, and owners, dispute the gloomy depictions of a weakened systems market. Daniels' Deevy, for example, says that in the first month of 1990, his firm closed $700 million, and has another $3 billion in the pipeline.

Nor is there widespread pessimism through the rest of the brokerage community. Some brokers concede privately that fewer deals are likely to get done. A few believe deals will get done only if sellers make more concessions than they have historically, particularly on terms unrelated to price. Other brokers believe they'll simply have to work a little harder to accomplish what they did last year.

But all agree that the current condition is temporary. Because most of the forces handicapping the acquisitions marketplace are external to the industry's operations, there's no reason to question the long-term values of a business with underlying fundamentals that remain attractive.

And there's little reason for concern that brokers are going to have to start taking public transportation to work. Nine of 15 firms surveyed booked more business than in the previous year. While the number of firms topping the $1.5 billion standard dropped from three in 1988 to just two in '89, the performance of the top three brokerage firms reflects a shift in market share, but not a drop in the size of the market they share. Between them, the three firms—Daniels, Waller Capital, and Communications Equity Associates—reported brokering or financing about $4.6 billion worth of transactions last year, up from the previous year's total of $4.3 billion.

Despite the predictions of some pessimists that smaller firms would suffer in a more sophisticated and increasingly competitive environment for deal-making, the numbers say otherwise. The dollar value of systems traded in '89 kept pace with the record-setting performance of the previous year; with the market-leaders' share of the pie rising only slightly, second-tier firms held their own through the year.

More importantly, says Deevy, the number of transactions kept pace with 1988 figures.

"What's really significant in evaluating the year is that the number of deals coming through the market has held up," says Deevy, whose firm brokered 55 deals in 1989. The strength in the number of transactions shows that activity in all market segments remains vital, rather than a market inflated by a handful of mega deals.

"Until the last couple months, 1989 was the strongest year the market ever had," says Tom MacCrory, group vice president for cable at CEA. "Prices were at their highest, and buyers were willing to pay them."

In fact, increased prices accounted for a good deal of the market's strength. By mid-year, some $9 billion in transactions had already closed, about where the market had been through the first half of 1988. The difference: 1989's deals covered 1 million fewer subscribers.

Communications Resources

System Location	Buyer	Seller	Basic subs	Homes Passed
Inola, OK	Misison Cable	ATRA Cable Vision	371	885
Chouteau, OK	Mission Cable	ATRA Cable Vision	399	900
Douglas, KS	Capitol Cable	Wheat State Telecable	352	680
Conway Springs, KS	Capitol Cable	Wheat State Telecable	225	450
Oxford, KS	Capitol Cable	Wheat State Telecable	328	484
Beaver Lake, AR	Mission Cable	Beaver Cable Co.	628	800
Kinta/Quinta, OK	Mission Cable	Beaver Cable Co.	467	712
Enterprise Brooken/ Longtown, OK	Mission Cable	Beaver Cable Co.	370	1,173
Keota, OK	Mission Cable	Beaver Cable Co.	138	270

The inflation in prices, as measured by the growth of cash-flow multiples from somewhere around 11.5 to over 13 times year-out cashflow, was fueled by a number of factors, sources say. For one, dealmakers became more sophisticated in the way they packaged transactions, attracting large MSOs whose properties might have previously seemed too unwieldy to unload with maximized profit-taking.

Many other factors, including anticipated growth from advertising and pay-per-view revenues and continued vitality of basic rates, reflected a strengthened business. That, in turn, attracted large pools of both debt and equity. The stock market continued to reward publicly held

January, 1990

$15,000,000
SENIOR DEBT
has been arranged for
HOUSATONIC CABLE VISION COMPANY
serving Brookfield, Monroe, New Fairfield, Newtown, Sherman and Trumbull, Connecticut with
CONNECTICUT BANK AND TRUST COMPANY, N.A.

The undersigned represented the seller in this transaction
This notice appears as a matter of record only

COMMUNICATIONS
EQUITY
ASSOCIATES

CEA, Inc. 375 Park Ave., Suite 3808 • New York, NY 10152 • 212/319-1968

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companies that pursued aggressive growth agendas.

In short, there was money for deals and deals for all the money out there. Owners of all systems, including small ones, report vigorous interest from brokers anxious to bring their properties to the market. One small system owner has a file eight inches thick containing just correspondence from brokers making essentially cold calls inquiring about the prospects of listing the property.

But as the third quarter of the year was wrapping up, significant changes in the marketplace began to emerge, experts point out. For one, institutional investors, who had made killings on the escalation of cable stocks, shifted their perspective. No longer as interested in profit-taking as they were in protecting the gains they'd already made, large investors began to evacuate cable stocks. Publicly held companies suddenly found themselves averse to the risks that acquisitions posed.

Communications Equity Associates

System Location	Buyer	Seller	Basic subs	Homes Passed
Jackson County, FL	Tele-Media	Sun Cablesystems	1,200	3,800
N.A.	Suncom Group	Taft Communications	N.A.	N.A.
Boca Raton, FL	Tele-Media	Communications & Cable	23,332	N.A.
Lenoir, NC	Cencom	McDonald Group	13,000	19,140
N.A.	Adelphia	N.A.	N.A.	N.A.
Lovelady/Riverside, TX	River Communications	American Broadband	N.A.	1,000
Quartersite, AZ	Watch Us	Thompson	200	4,000
Hialeah, FL	Colony	Telesat	N.A.	N.A.
Various cities, IA/IL/IN	Specchio Pay TV	Gulf Americable	7,300	14,000
W. Palm Beach, FL	Tele-Media	Citrus Cable/Anderson Pacific	5,000	10,800
Revere, MA	Colonial CV	Channel One Inc.	260	N.A.
Arcola/Anquilla, MS	Broadband CV	Cable Video	350	500
Laughlin, WV	Watch Us	Misco Inc.	536	N.A.
Lake/Osceola/Polk Counties, FL	Tele-Media	Citrus Cablevision	1,500	4,000
Various cities, SW US	Times Mirror	Chillicothe CV	29,000	45,327
Anchorage, AL	Prime Cable	Sonic	37,000	95,000
Pinehurst, GA	James Cable	RGW Communications	95	N.A.
Aguada, PR	Cable Systems USA	Cable TV del Noroeste	10,000	25,782
N.A.	Palmer	N.A.	N.A.	N.A.
Fulton County, GA	Vista Communications	Ativision Inc.	473	1,280
N.A.	Times Mirror	Bates	1,700	3,000
Pulaski/Richards, VA	Adelphia	Richlands CV	30,000	37,600
Buckeye/Glendale/Peoria, AZ	Cablevision Systems	Republic Cable	47,000	105,000
Houston, TX	Nationwide Communications	Gulf Americable	9,000	28,000
Mauriceville, TX	Tele-Media	CER Investments	625	1,250
Houston, TX	Nationwide Communications	Continental Satellite	1,500	10,200
Mill Pond Village, CT/ New Seaburg, MA	Continental CV	Channel One Inc.	550	1,260
Carroll County, GA	TeleScripps	Cable USA	2,425	6,100
Gwinett County, GA	Ativision	Wometco	200	395

The investment community's new agenda was exacerbated by a growing cacophony in Washington for reregulation of the cable industry. Congress has voiced concerns over a host of issues—including the degree of vertical integration of media companies, demands for telco entry into video services, fear of industry consolidation, challenges to the commodity-like trading of cable properties, and a renewed scrutiny of basic service rates—just the sort of uncertainty that Wall Street deplores.

Though cable operators say the investment community overreacted to the threat of reregulation, MSOs, in some cases, reluctantly bowed to congressional pressure. By year's end, Tele-Communications Inc., which by itself or through an affiliate, was a buyer in five of the six largest transactions in the year, announced that it was taking itself out of the acquisitions marketplace as a concession to political scrutiny.

Meanwhile, the convergence of events extrinsic to cable had an impact on the industry. The junk-bond market, a major source of subordinated debt for cable deals, withered in the wake of the collapse of retail giant Campeau Corp. With no access to junk bonds, buyers who had deals in hand were left scrambling for new sources of financing. Prospective sales were left dormant as potential buyers sorted through the new capital marketplace.

Senior lenders found themselves the sole source of new deal financing at just the time new federal requirements compelling banks to identify highly leveraged transactions (HLT) took effect. Though there's no consensus even today on the full impact of the new HLT rules, which for the first time will force all banks to use the same definition of HLT in their annual reports, it's clear that banks, by the end of the year, had begun to maintain a cap against certain capital assets where high leverage was a concern. Increases in the cost of capital made deals more expensive for those who could do them, and banks' demands that borrowers add more equity limited the pool of potential bidders for new properties.

The result of this convergence of influences on the market?

"The green eyeshades have taken over," says CEA Chairman Rick Michaels. "This is the era of the sharper pencil. Deals will have to make more sense in the short term."

"The sky's not falling," says Hugh McCulloh, vice president of The Denver Group. "But we are in a much more sober market."

What the brokers are saying is that the changes in the marketplace didn't happen as quickly as a gasp of fear, and there's no reason to react as if it did.

"There's nothing wrong with the underlying fundamentals of the business," says Richard Patterson, senior vice president of Waller Capital. "As a long-term investment, cable's still one of the best."

"The solutions to some of these conditions are just what they've always been," says Pamela Pyms, president of Pyms Cable Brokerage. "It's a question of solid management. Especially for smaller operators."

PYMS

PYMS CABLE BROKERAGE, INC.

SOLD

The cable television company of Westover TV Cable Company, Inc., serving Westover, Brookhaven, Sunset Beach, Kingswood Pike, Monongah, and Meadowdale, West Virginia. This sale represents over 7,800 basic subscribers. Marty Jensen represented the seller in this transaction.

PYMS CABLE BROKERAGE, INC.
Pamela A. Pyms, President
222 Milwaukee Street, Suite 302
Denver, Colorado 80206
(303) 388-8168
Fax: (303) 388-9057

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PYMS

PYMS CABLE BROKERAGE, INC.

SOLD

The cable television company of E&E Cable Service, Inc., serving the towns of Colfax, Millersville, Pleasant Valley, Rivesville, Whitehall, and portions of Fairmont, West Virginia. This sale represents over 2,400 basic subscribers. Marty Jensen represented the seller in this transaction.

PYMS CABLE BROKERAGE, INC.
Pamela A. Pyms, President
222 Milwaukee Street, Suite 302
Denver, Colorado 80206
(303) 388-8168
Fax: (303) 388-9057

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Daniels & Associates

System Location	Buyer
Various cities, FL	Adelphia
Various cities, IL	Jones Intercable
Various cities, MI	C-Tec
Various cities, FL	ATC
Various cities, MI/NM/TX	TCA Group
Various cities, OH	Warner Cable
Various cities, KY	Simmons
Columbus/Greenville, OH	Warner Cable
Half Moon Bay, CA	Weststar
Terrebonne Parish, LA	Helicon/Bose
Carefree/East Mesa, AZ	Mission Cable
Various cities, MS	Vista Communications
Colorado Springs, CO	ATC/Century
Hiawassee/Lavonia, GA	Tritec
Plymouth, WI	Warner Cable
Ada, OK	Trans-Am
Leesville, LA	Vista Communications
N. Liberty, LA	Vantage Cable
Canton, MS	Vista Communications
Central Square/Hastings, NY	First Americable
Shenandoah City, VA	C4 Media
Carlin, NV/Laconner, WA	Northland
Mill City/Santiam, OR	Northland
Reedsport, OR	Falcon Cable
Tillamook, OR	Falcon Cable
Hinsdale/Winchester, NH	Warner Cable
Shamrock/Spearman, TX	Mission Cable
Osburn, ID	Weststar
Booneville, KY	Charter Cable
Highland Park, MI	Tele-Media
Chino Hills, CA	UAE
Monterey City, CA	Falcon Cable
Gold Beach, OR	Falcon Cable
Huron Township, MI	Mercom
Rancho Bernardo, CA	ATC
Liberty Township, OH	Coaxial Cable
Hay Springs/Mullen, NE	Vantage Cable
Sacramento, CA	Scripps Howard
Stanwood, WA	Northland
Chama/Dulce, NM	Leonard
Panpack Township, PA	Blue Ridge Cable of PA
Gordonsville, VA	C4 Media
West Yellowstone, MT	Sterling Cable
Center Point, IA	Vantage Cable
Oxford/Tiffin, IA	Vantage Cable
Craigmont/Nezperce, ID	Weststar
Lizton, IN	ATC
Estania/Moriarty, NM	Leonard
Cotton Wood/Elk City, ID	Weststar
Foxfire, NC	ATC
Culdesac, ID	Weststar
Colorado Springs, CO	Colorado Springs CV
Caswell Cty SC	Star Cable
Various Cities, OK	Mission Cable
Other cities	N.A.

But the question is whether the financial community is mindful of management's contribution.

Sanford Anstey, senior vice president, BancBoston Capital, a subordinated lender, relates the experience

Seller	Basic subs	Homes Passed
Centel	125,000	175,100
Centel	126,000	240,800
Centel	108,800	166,600
Centel	100,000	176,800
Cooke CV	85,000	123,747
Centel	76,900	120,000
Centel	63,000	93,800
Tele-Media	30,550	55,447
Coastside Cable	12,000	16,500
Callais Cable	9,500	13,800
Dickinson	7,250	18,250
CMS/ACI Cable	6,770	10,000
Citizens Cable	6,400	13,000
N.A.	6,200	9,450
Plymouth Cable	5,800	8,787
Eldridge Family	5,743	7,700
Cablevision of Leesville	5,300	6,185
Liberty Communications	4,875	6,205
ACI	4,471	8,387
Joseph Gans	4,130	6,885
Shenandoah	4,000	5,333
Valley Cable	3,229	4,397
Santiam Cable TV	2,900	5,600
Northland	2,889	3,200
Northland	2,495	3,250
Cheshire Cable	2,265	2,400
Cossette Investment	2,207	2,550
Teleview Antenna	2,050	N.A.
Fred Leighton	2,000	2,235
Bell Cable	1,805	9,800
D.C.A. California	1,750	4,000
Video Engineering	1,700	2,375
Northland	1,670	2,025
C4 Media	1,607	2,850
Signal Master	1,500	1,700
Namcor	1,450	2,400
Westel Inc.	1,180	2,032
Clearview Cable	1,050	3,000
Valley Cable	990	1,291
C&D Cable	947	1,232
Honesdale TV	601	850
Brian Riggs	560	675
John Sinclair	546	550
Prairie Cable	416	614
Rugger Comm.	381	513
R&R Cable	324	530
Cable TV of Indiana	267	682
Paragon	245	1,220
Danco Cable	230	500
Foxfire Cable	215	430
Culdesac Cable	131	140
Interface Communications	107	220
PDQ Cable	N.A.	6,700
Oklahoma Cable	N.A.	6,659
N.A.	1,070	N.A.

of a cable company soliciting equity contributions for a new facility. "We're talking about a superb management team here," Anstey adds. "But after 15 months, they'd still come up short." Meanwhile, a similarly structured cellular partnership was over-subscribed immediately.

While such tales spur talk that cable, once the lion of aggressive investment, has been eclipsed by competing media opportunities, lenders say that cable is evaluated on its own merits, not in competition with other investment vehicles.

Jamie Lewis, director of the transmedia group at Bank of Boston, one of the leading lenders to the industry, says banks are not pulling out of cable in favor of other media or other industries. "The fact is, we get paid to make wise business judgments. We're credit-driven." Not

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January, 1990

TELECABLE
ASSOCIATES, INC.

has acquired the assets of

SNYDER CABLEVISION
ASSOCIATES, L.P.

which at closing passed approximately 6,500 homes
and served 4,929 basic subscribers in Snyder, Texas
and portions of Scurry County.

The undersigned initiated this transaction,
served as financial advisor to
Snyder Cablevision Associates, L.P.
and assisted in the negotiations.

Andrew J. Armstrong, Jr.
President

WALLER CAPITAL
CORPORATION

30 Rockefeller Plaza
Suite 4350
New York, NY 10112
(212)632-3600

The Denver Group

System Location	Buyer	Seller	Basic subs	Homes Passed
Various cities, OH/TX	Tele-Media	Sutton Capital	22,000	35,000
Various cities, FL	Cablevision Industries	Manasett Corp.	6,350	9,000
Various cities, CO	Scripps Howard	Laribey CV	1,000	2,000

Frank Boyle & Co.

System Location	Buyer	Seller	Basic subs	Homes Passed
Bainbridge, NY	Bainbridge Cable	Bainbridge Video	1,500	2,900
Huntsville, UT	Watch Us	Myvocom	100	200
Table Rock Lakes, MO	Bradford	R. Perent	N.A.	2,000
Various cities, IL	Dowden	Dorn Communications	600	1,700
Various cities, GA	MaxTel	The Cable Club	1,300	4,200
Eagle River, AL	Prime Cable	Eagle Cable Communications	500	800
Various cities, FL	N.A.	N.A.	100	200

Hardesty, Puckett & Co.

System Location	Buyer	Seller	Basic subs	Homes Passed
Florence, AZ	Mission Cable	Consolidated Development	264	1,208
Various cities, OK	Mission Cable	Dill City Cable	431	560
Maple Hill/Shawnee County, KS	Tele-Communications Inc.	Maple Hill Cable TV	242	431
St. Charles County, MO	Cable America	Skywalker Communications Inc.	111	300
Hammon/Cannute, OK/ Bucklin/Coldwater, KS	Mission Cable	Bucklin Community TV Inc./ Coldwater Community TV, Inc.	1,062	1,417
Polk/Hickory County, MO	Enstar	First Cable and Land Corp.	700	2,800
St. Charles/St. Louis County, MO	Cable America	Liberty Cable Development Group	662	1,510
Various cities, OK/TX	Mission Cable	Eagle Cable Partners	13,530	27,000
Various cities, OK/TX	Mission Cable	Redden Enterprises Inc.	4,000	7,000
Cole/Christian Coutny, MO/ Frontenac/Girard, KS	W.K. Communications	Cole County Cablevision Inc./ Christian Cnty. Cablevision Inc.	5,650	9,800
Viburnum, MO	Falcon/Capital Cable Partners	Steelville Telephone Co.	241	500
Big Sandy, TN	Horizon Communications	Aerial Cablevision	300	1,800
St. Louis County, MO	Cable America	Heritage Cable Inc.	1,671	4,425
Baghdad/Yarnell, AZ	Mission Cable	Cox Cable	800	1,200
Johnson County, KS	Jones Intercable	21st Century Technology	150	150
Clackamas County, OR	Sun Country Cable	Cable Arizona	N.A.	4,200
Various cities, KS/MO	Falcon/Capital Cable	W.Q. Media	1,500	2,800
Various cities, OK	Mission Cable	Tri-Star Cable Inc.	1,100	1,700
Fairfield Plantation, GA	Wometco Cable TV	Plantation Cablevision Inc.	N.A.	3,500
Sedan, KS	Mission Cable	Cable TV of Sedan Inc.	700	840
Columbia/Jefferson City, MO	Tele-Communications Inc.	Heritage Cable	250	488
Fort Scott, KS	W.K. Communications	Fort Cablevision Inc.	3,700	4,400
Ashland/Protection, KS	Mission Cable	High Plains Communication Inc.	720	840
Contra Costa County, CA	Televents	W.A. V. Inc.	210	416

profit-driven. The effect of this distinction in orientation is that "We don't feel any undue pressure to book business if the market conditions aren't right."

Brokers see the point. "The issues today are not the traditional concerns over interest rates," says Daniels' Deevy. "The real issues are credit quality."

The result, says Waller's Patterson, is that good deals will still find willing buyers and amenable lenders. "Ours has been a two-tiered market for some time," he says. "What we're seeing today is a flight to quality."

The question is where those deals are going to come from. CEA's MacCrory concedes that a number of sellers are waiting out the short term in the hopes that the market conditions will improve.

Still, there are clearly properties on the market. At least three premium MSOs, including Palmer Cablevision, Insight and C4 Media, have all announced plans to liquidate their holdings. Only Palmer plans to exit the cable market; it will use the proceeds to bolster its cellular holdings. Both Insight and C4 are looking for cable abroad.

Other divestitures could be spurred by a number of considerations. Tom Puckett of Hardesty, Puckett & Co. predicts that some of the operators who built their holdings over the past five years using high leverage could face some liquidations now that sizable principle repayments are coming due.

Even systems that are traditionally thought of as second-tier properties may not be constrained by a tighter marketplace. "Take a look at somebody who bought his systems five years ago for $1,000 a sub," says The Denver Group's McCulloh. "Maybe he's not going to get $2,000 a sub for them, but he'll still get his $1,800. That's still a nice return on his investment."

What most experts agree will be underrepresented in the short-term is the handful of top-25 MSOs whose divestiture has inflated the market's performance in recent years. But at the same time, experts point out, this portion of the market is always the least predictable.

Cooke Cablevision principals had hotly pursued major acquisitions in the months before its decision to liquidate its properties; the prognosticators who saw that coming are the sort of bettors who liked Buster Douglas over Mike Tyson.

"I'd be surprised if we didn't see at least one jumbo exit the market this year," says James Boyle, vice president, cable division, at Frank Boyle & Co.

Niche players may also see some impetus to sell off their holdings. Rick Michaels points out that, with the Federal Trade Commission doing the spadework in a possible investigation of operators who buy both franchisees and overbuilders, some of those involved in such competitive situations may elect to cash out before the door slams on such transactions.

"The bottom line is that I think there's going to be as many deals this year as there were last year," Daniels' Deevy concludes.

Will they find buyers?

As everybody recognizes, TCI's gone; with it goes subsidiary units like United Artists Entertainment and WestMarc, and—perhaps to a lesser extent— affiliated enterprises like Bresnan Communications and The Lenfest Group.

Other big entities are also likely to find themselves constrained. According to some accounts, four of the six companies that picked up Centel's properties last year are this year out of the acquisition marketplace.

Still, brokers insist buyers will come out even in this weak market. "In this business, as in many, the contrarian view usually prevails," says Robert Brown, president of Cable Investments Inc.

According to Tom Puckett, "It's a given in this line of work that your list of buyers is a moving target." He adds that he's spent recent months "revisiting a lot of old friends" who have been absent from the business in recent years.

It's an analysis that's been proven. Less than a year after it closed the deal that sold off all its U.S. cable holdings and appeared—for all purposes—to have recused itself from the American marketplace, Toronto-based Rogers Communications Inc. announced that a subsidiary had agreed to purchase a small Alaska cable system.

Naturally, brokers are counseling prospective buyers who can arrange financing to take advantage of the market changes. Even if prices hold steady, buyers can find concessions in other parts of the process. CEA's MacCrory points out that, as the equilibrium of the marketplace shifts in a buyer's favor, acquiring companies are more successful in dictating the terms and conditions of purchase agreements. "There's more true negotiating going on at the time of contracts than there might have been previously."

This sea change may even extend

$9,119,500

Laughlin Cablevision Limited Partnership

$4,500,000
Senior Note due 1995

$1,250,000
Senior Enhanced Yield Note due 1995

$1,122,000
Subordinated Facility

$2,247,500
Partnership Interests

The undersigned structured the financing and privately placed the Notes and Partnership Interests.

JW CAPITAL

Marc B. Weisberg
288 Clayton Street
Suite 302
Denver, CO 80206
303/355-1777

January 1990

Johnson, Crowley & Associates

System Location	Buyer	Seller	Basic subs	Homes Passed
Columbis, MS	Heritage Communications	GH Cable	3,000	4,635
Vorious, OK	GH Cable	James Cable	3,600	4,850
Flora, IL	Flora Cable TV	Falcon Cable	11,300	15,000
Keowee Key, SC	Keowee Key Cable TV	Cencom Cable	1,050	1,200
Limon, CO	WestMarc Communications	Vantage Cable	968	1,256
Durant, OK	Durant Cablevision	James Cable	5,100	8,650
Chambers County, TX	Command Cable	Star Cable Associates	1,889	3,545
Anderson County, SC	PCI of Anderson County	Cencom Cable	10,200	17,900
Ellerbe, NC	Ellerbe Telephone Company	Tele-Media	300	550
Cape Charles, VA	First Commonwealth Communications	Falcon Cable	743	2,000

JW Capital Corp.

System Location	Buyer	Seller	Basic subs	Homes Passed
New Ulm, MN	Amzak Cable	New Ulm Tele-Vents	4,950	5,500
Quartzsite, AZ	Watch Us Communications	Thompson Communications	200	500
Laughlin, NV	Laughlin Cablevision	Misco-Sun Limited Parntership	536	536
Green River/Hurricane/ La Verkin, UT	Falcon Cable	Citation Cable Systems	1,250	1,750
Sangamon County, IL	Jefferson County Cable Co. Inc.	Cable Illinois Inc.	900	1,375
Farmersville/Raymond, IL	Enstar	Cable Illinois Inc.	365	685

Martz Media, Inc.

System Location	Buyer	Seller	Basic subs	Homes Passed
Beaufort, SC	Low Country Cablevision	Acton CATV	7,500	10,000
Apache Wells, AZ	American Cable TV	Sunflower Cable Co.	625	2,219
Various cities, KS	Leonard Communications	H&B Cable Service Inc.	856	1,264
Canton, KS	Leonard Communications	Galva Cable Co.	185	450
Gouverneur, NY	Newhouse	Gouverneur Cable TV Inc.	2,100	N.A.

as far as financing techniques. MacCrory predicts that more cable operators may follow the lead of broadcasters, where sellers frequently offer buyers a tick or two of seller paper to make up for the unavailability of mezzanine financing.

Other financing opportunities may present themselves. BancBoston Capital's Anstey reports that business credit corporations, including titans like Phillips, Chrysler and Barclays, have begun to investigate opportunities in cable.

At the same time, foreign banks, which are not subject to the HLT considerations domestic banks face today, are becoming an increasing presence in cable lending. TCI, Continental Cablevision, Turner Broadcasting and other cable companies have taken advantage of capital opportunities in Europe and Japan, and more such deals are likely to follow.

The upshot of the current market conditions, most experts agree, is that the industry's likely to turn the normal trends of the business on their ear. Where the business traditionally burns through the first half of the year and slows during the second, the reverse is likely to happen in 1990. A number of factors contribute to this. For one, the FCC's report to Congress on cable is scheduled to be delivered in July, which will give the investment and lending communities, as well as operators, a better sense of the impact of regulatory changes.

In addition, analysts have predicted that the public markets, which are expected to remain depressed through the first half of the year, will revive in the second, offering public companies more opportunities to take the risks of acquisitions without suffering the sorts of hits in stock values they'd face today.

And as banks gain more familiarity with the new HLT environment, they're expected to adjust better to at least selected opportunities. If they stay fallow for several months, bankers' appetites for deal-making are likely to return to something near previous levels. With increased competition from foreign lenders, the aggressiveness lenders displayed just a year ago might return.

"After all, the lending apparatus is never going to evaporate," concludes Anstey.

"Honestly," says Deevy, "we're looking forward to another record year." ■

■

Palmer sale proceeding; outcome to be barometer

Officials of Palmer Cablevision said efforts to sell the company's two cable operations are proceeding on course, and should produce a preliminary agreement with buyers early this spring.

Palmer has operations in California and Florida, with a combined subscriber count of 170,000. Palmer is thought to be asking for a total of at least $500 million for the two properties, which are likely to be split and sold individually.

The properties are considered the premier asset available and most

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Cratering & Cable TV: the big one hasn't happened

By Robert O'Brien

Interest rates used to be a primary barometer of the marketplace for cable systems. When interest rates rose, deal-making slowed, and vice versa.

In today's risk-averse, highly-leveraged-takeover-crazed, high-cost capital driven market, nobody's talking about interest rates.

What they are talking about—with a hint of desperation—is the deals that aren't getting done.

"Nobody wants to be around when the first big one craters," says one broker.

Short-term, there are lots of problems to address when a deal collapses. For the prospective buyer, it usually means a loss of earnest money. Half-a-million dollars is enough to buy about 250 subscribers at today's prices.

The reasons are obvious. It only took one Campeau to deflate the junk-bond party for everybody involved.

More to the point, look what the failure of TVX did to the independent station market in broadcasting two years ago. (If anybody's seen that market since then, please report the sighting to INTV.)

So far, the big one hasn't happened. But a few mid-level deals have gone wanting.

Galaxy Cablevision, for example, has twice gone to the negotiating table with agreements to sell its systems in and around Waxahachie, Texas. Both times—once with Douglas Communications, another with Falcon/Capital Cable —it came up wanting for a buyer.

Short-term, there are lots of problems to address when a deal collapses. For the prospective buyer, it usually means a loss of earnest money. Half-a-million dollars is enough to buy about 250 subscribers at today's prices.

Sellers—essentially innocent victims when a deal craters because a buyer couldn't arrange financing—take it harder. Galaxy's Ron Voss

Laughlin Cablevision Limited Partnership

has acquired certain assets of

Valley Communications, Inc.

and

Laughlin Cable T.V., Inc.

The undersigned represented Laughlin Cablevision Limited Partnership in this transaction.

JW CAPITAL

Marc B. Weisberg
288 Clayton Street
Suite 302
Denver, CO 80206
303/355-1777

January 1990

Pat Thompson Co.

System Location	Buyer	Seller	Basic subs	Homes Passed
Various cities, OH	UV Cablevision	Hocking Valley	590	1,097
Various cities, AZ	Watch Us Comm.	Thompson Comm.	318	8,100
Beatty/Blue Diamond/ Pahrump, NV	Sterling Cable	Black Rock Cable	570	1,065
Falls Townships/ Good Hope, OH	UV Cablevision	Hocking Valley	192	290
Warwick, GA	Vista Communications	Ruralvision Inc	609	1,100
Osyka, MS/Tangipahoa, LA	Chattahoochee CV	Southern Star Network Inc.	250	500
Healy, KS	Midway Cable TV	Healy Cable TV	80	120
Lake County/Pablo/Ronan, MT	Masada	Ronan/Pablo Cable	800	1,200
Salem, AR	River Communications	Salem Cable TV	550	650
Plains, MT	Sterling Cable	Plains Cable TV	224	235
Camden On Gauley/ Webster County, WV	Helicon	Camden Cable	270	350
Adamsvile/Norwich/Sonora, OH	Cooney Cable	Midwest Communications	490	705
Edgewood/Willis Point, TX	Mission Cable	Edgepoint CV	1,600	3,805
Emory/Point/Rural Rains County, TX	Mission Cable	Lone Star Satellite	267	420
Harrison/Marion Counties, WV	SCI Investments	Sardis/Eagle	450	525
Diana/Jumbo, WV	SCI Investments	Diana Cable TV	222	250
Whatcom County, WA	Glacier Cable/Sterling Cable	People's CV	N.A.	3,358
Caraway/Leachville, AR	Lawrence Cnty. Cable Partners	Spectrum Teltronics	191	N.A.
Caraway/Dell/Leachville, AR	Cable Partners	Robertson Cable	966	1,629
Westcliffe/Silver Cliff, CO	Glacier Cable	Miller Industries	185	N.A.
Bellevue, LA	Gulf American	Bellevue Cable TV	200	300
Jackson Lake, GA	Vista Communications	Southern Cable	N.A.	2,095
Caledonia/Lakeview Estates/ Morral, OH	SCI Investments	LDD Communications	N.A.	N.A.
Cloutierville/Natchez, LA	Galaxy CV	Cane River Cable	300	567
Bertha, MN	Tekstar CV	C & R Cable Co.	170	223

Pyms Cable Brokerage

System Location	Buyer	Seller	Basic subs	Homes Passed
Benwood/Glendale, WV	Marshall Co. CV	Tridelphia Cable	280	290
Bruce, MS	Walco Inc.	Preferred Cable	805	1,068
Groveland, CA	Sun Country	Ponderosa Cable	1,370	1,909
Bean Station/Sneadville, TN	C4 Media	Sneedville Cable	1,222	1,679
Rio Rico, AZ	Myhren Media	Avatar Utilities	420	639
New Castle/Paonia, CO	Tele-Communications Inc.	Newport CV	720	1,059
Columbia, MS	Capitol Cable	Cable America	2,500	4,700
Hoxie, KS	KAYS Inc.	Cable Systems of Hoxie	520	625
Fairfield, WA/Plummer, ID	ECOM Inc.	Broadcast Services	1,175	2,059
Saguache, CO	Vantage Cable	J & T Cable	190	240
Various cities, MS	Cablevision of Missouri	Falcon/Capital	3,400	6,400

acknowledges that the company has had to discount the systems per-sub values each time it comes back on the market. (He also notes that a 10-12 percent growth in the number of subs since the systems were first put on the block has offset the prospective losses.)

Long-term, there are important questions about the impact on the industry's performance to worry about. Capital investments to improve plant, spending on marketing and promotion, improvements to customer service and installation are typically neglected while the terms and conditions of a system sale are being neglected.

But even worse is the deleterious impact on the industry's image when systems languish on a market like a manufacturer's close-outs at a K-Mart blue-light special.

So far, the big one hasn't cratered. But it's clear that everybody's braced for just what everybody hopes won't happen. If a Mission Cable delays the closing of its purchase of the LBJ estate's Karnack Corp., the buzz in the industry is that the deal has cratered. On the facts, Mission, which is a notoriously slow closer, still has time to complete the acquisition.

The trepidation is natural. As everybody must recognize, it would take only the collapse of one prominent deal to drive already gun-shy investors and lenders out of the industry with a vengence. ■

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continued from page 58

observers are hoping Palmer and Waller Capital, which is handling the sale, attract a high price for the systems. Even competing brokers have expressed hopes that the deal succeeds as a means of showing strength in a market that's underperforming.

The risk in focusing on a single property as a barometer of the market is that the industry could be tarred if the systems fail to attract a commanding price. At the $510 million price tag that's been talked about, Palmer's 170,000 subscribers would be worth $3,000. Any lingering doubts about the properties—if the proportion of "snowbirds" in the Florida markets is higher than thought, for example—could drag down the purchase price on a per-sub measure, and leave the transaction looking like a failure, even if Palmer achieves the values it's seeking.

Palmer executives express no reservations about the sale and say that, in Waller Capital, they're well represented in the sales process. On-site reviews of the systems are being wrapped up, and the company expects to close the deal by June 30. Palmer plans to invest the proceeds of the sale in cellular radio.

— Robert O'Brien

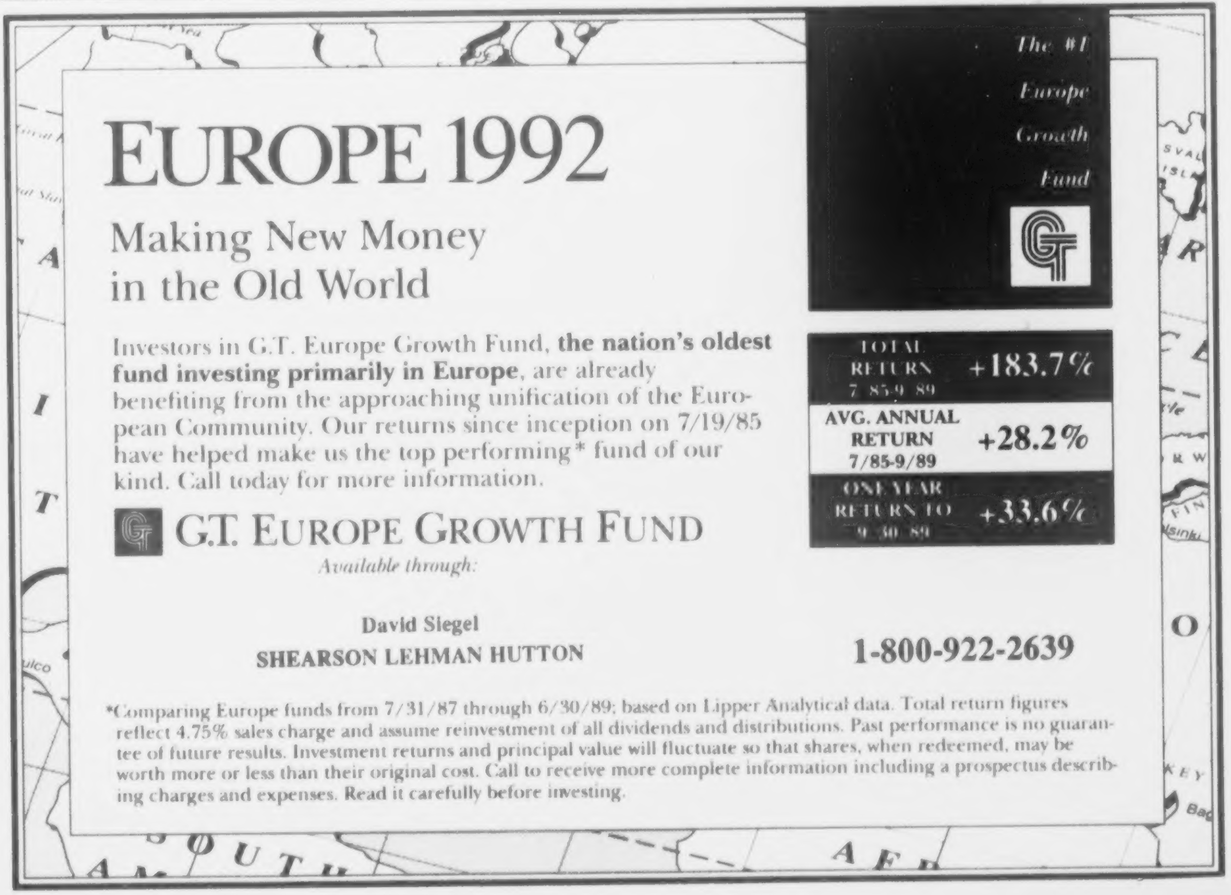
Waller Capital Corp.

System Location	Buyer	Seller	Basic subs	Homes Passed
Suffolk County, NY	Cablevision Systems Corp.	Viacom	200,000	318,000
Riverside County, CA	Cencom/Gaylord	Choice Television	138,00	385,000
Minneapolis, MN	King Videocable	Hauser	46,000	98,000
Winchester, VA	Adelphia	Mid Atlantic	23,800	30,000
Various Cities, FL/ID/NM	Century	Mickelson Media	26,600	30,000
Framingham, MA	Sutton Capital	CMS Companies/Vento & Co.	13,000	26,500
Logan, UT	Sonic Communications	JWB Cable	12,300	19,259
Ridgecrest, CA	Benchmark Cable	Boulder Ridge	10,500	14,300
Various towns, AZ	GH Cable	Star Cablevision	8,300	12,000
Benton Harbor/St. Joseph, MI	Consolidated Cable	Star Cablevision	7,300	13,000
Monticello, IN	Cardinal	Star Cablevision	9,000	12,128
Gaffrey/Union, SC	Masada	Piedmont Cablevision	6,800	13,000
Chester, SC	Masada	Wizard Cable Stations	7,000	N.A.
Various cities, NE	Vantage Cable	Cambridge Comm.	7,700	10,540
Palm Beach City, FL	Tele-Media	Citrus Cable	5,100	12,000
Snyder, TX	TCA	Sutton Capital	4,925	6,500
Evansville, IL	Capital Cable	Star Cablevision	4,150	9,400
Muncy, PA	GH Cable	Muncy Cable	4,200	4,500
Rosamond, CA	Falcon	Boulder Ridge	2,050	3,000
Indianapolis, IN	ATC	Star Cablevision	2,950	4,893
Warrior, AL	Century	CableSouth, Inc.	2,500	4,100
Ross, OH	ATC	Star Cablevision	1,550	2,003
Monon, IN	Hometown	Star Monon	263	N.A.

40,000 subscribers in Topeka and surrounding Shawnee townships, will buy the franchise for an undisclosed price. **Hardesty Puckett & Co.** initiated the sale process for Maple Hill.

Contracts/Orders

- **CATV Services Inc.** has agreed to represent **Catel Telecommunications** on fiber product sales in Arizona, California, Hawaii and Nevada. In the past, Catel has solicited other hardware distributors to seek product sales in other territories. In another rep arrangement involving regional programming networks, **Rainbow Ad Sales Corp.** will handle sales exclusively for **SportsChannel**'s new Bay Area and Cincinnati services, targeted for a mid-spring debut. The **Cablevision Systems Corp.** division already reps seven other SportsChannel franchises around the country. ■



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CALENDAR

The Main Event

CableLabs

Cable Television Laboratories, Inc.

Six months after jumping into the seminar field with a workshop on fiber optics, **Cable Labs** will examine consumer interface equipment at its next event Feb. 28 through March 2 (Wednesday through Friday) in Boulder, Colo.

More than 100 people witnessed Cable Labs' initial confab last August, and the projected crowd for this presentation should be at the same level, officials expect. At least 90 people were pre-registered as of two weeks ago.

On interface matters, relationships between the industry and consumer electronics manufacturers have largely been strained. "At best, we ignore each other. At worst, we battle each other," summarizes Claude Baggett, Cable Labs director of system engineering projects. He believes joint venture development of compatible equipment among operators and suppliers is the solution to cable's interface crisis; encouragement of such projects is one of the seminar's goals.

"The more these ventures go forward, the more influence we have in assuring compatible equipment. The time is long overdue to pursue that influence," Baggett explains.

Walt Ciciora and Tom Elliot, senior technology executives for ATC and Tele-Communications Inc./Cable Labs respectively, will outline the issues under study at the opening session Feb. 28. Representatives from Zenith's cable division, Scientific-Atlanta and Jerrold will offer their views of future system equipment interface needs the following morning, after which executives from Zenith's consumer electronics division, Panasonic and RCA-Thomson will give their prognosis for interface developments.

Case studies will be examined during the seminar's final day March 2, highlighted by presentations from Warner Cable on its off-premises addressability test in Williamsburg, Va., and UA Entertainment on a joint interface venture in Colorado. Also that day, Jon Thom, purchasing vice president with Fred Schmid, one of Denver's biggest electronic retailers, gives his perspective on the subject.

For more on the seminar and future Cable Labs activities, call Mike Schwartz at (303) 939-8500.

February

26: "Cable Feud," that industry trivia competition matching system employee teams, returns for *New York Women In Cable*'s benefit at the Time Warner Building. Quiz Audrey Fontaine about details at (212) 916-1040. **27**: *Turner Broadcasting* resumes its 1990 Goodwill Games ad sales and marketing seminar tour from Cincinnati's Hyatt Regency, then winds up with Cleveland and Detroit stops. Call Valerie Newcomb at (404) 827-2269. **28-2**: *Cable TV Public Affairs Association* calls its "Forum '90" conference together at the Portman Hotel in San Francisco. Call Ed Dooley (202) 276-0881. **28-1**: Customer service standards leads the agenda of *Michigan Cable Television Association*'s winter meeting from Amway Grand Hotel in Grand Rapids; contact Colleen McNamara (517) 351-5800.

March

5-7: Cable management and organizational issues are explored under the next *Women In Cable-Denver University* workshop, located in Denver. Sign up through Nancy Ring (312) 661-1700. **6-8**: *Magnavox CATV*'s mobile training center heads back on the road to techsters everywhere, beginning in Chicago. Directions on the entire 1990 tour from Amy Haube (315) 682-9105.

Major Shows

National Association Of Broadcasters, March 31-April 3, Georgia World Congress Center, Atlanta. Call Rick Dobson at (202) 429-5335.

Cabletelevision Advertising Bureau, April 1-3, Marriott Marquis Hotel, New York. Call Ellis Simon at (212) 751-7770.

MIP-TV, April 20-25, Cannes, France. Call (212) 750-8899.

National Cable TV Association, May 20-23, Georgia World Congress Center, Atlanta. Call Michael Hill at (202) 775-3606.

Canadian Cable Show, June 3-6, Edmonton, Alberta. Call Christiane Thompson at (613) 232-2631.

Broadcast Promotion and Marketing Executives, June 10-14, Bally's Hotel, Las Vegas. Call Gregg Balko at (213) 465-3777.

Society Of Cable TV Engineers, June 21-24, Nashville Convention Center. Call Anna Riker at (215) 363-6888.

Cable TV Administration & Marketing Society, July 15-18, San Diego. Call Christina Nelson at (703) 549-4200.

New England Cable TV Association, July 29-Aug. 1, Newport, Rhode Island. Call Rosemary Vozzella at (617) 843-3418.

DATABASE

Cable Network Ad Performance

Dec. 1989 billings	Dec. 1988 billings	Year-to-year dollar change	Year-to-year percent change
$79,936,508	$72,706,682	$ 7,229,826	9.0%

4th Quarter 1989 billings	4th Quarter 1988 billings	Year-to-year dollar change	Year-to-year percent change
$268,546,372	$233,479,353	$35,067,019	13.0%

Top 10 cable net sponsors/Dec. 1989

1.	Time Warner	$4,809,232
2.	Proctor & Gamble	3,163,979
3.	General Motors	2,463,643
4.	Anheuser-Busch	2,279,846
5.	General Mills	2,180,139
6.	Sears	$1,288,125
7.	Philip Morris	1,281,439
8.	RJR Nabisco	1,192,648
9.	Chrysler	982,922
10.	Mattel	939,953

Top 10 cable net sponsors/4th Quarter 1989

1.	Time Warner	$11,941,083
2.	Proctor & Gamble	10,910,213
3.	Anheuser-Busch	8,263,968
4.	General Motors	7,345,237
5.	General Mills	7,304,075
6.	RJR Nabisco	$5,861,514
7.	Sears	3,974,470
8.	Levi Strauss	3,830,897
9.	Chrylser	3,491,434
10.	Hasbro	2,865,921

Source: Broadcast Advertising Reports data; figures represent combined billings of CNN, ESPN, Family Channel, MTV, USA and TBS Superstation

	4th Qtr. 1989 billings	4th Qtr. 1988 billings	Year-to-year dollar change	Year-to-year percent change
CNN	$42,560,891	$33,460,828	$ 9,100,063	21.3%
ESPN	71,610,068	56,450,570	15,159,498	21.1%
FAMILY	23,037,365	20,599,298	2,438,072	10.5%
MTV	26,737,082	24,802,633	1,934,449	7.2%
TBS	60,256,835	62,804,946	- 2,548,111	- 4.0%
USA	44,344,131	35,861,583	8,482,548	19.1%

Source: Broadcast Advertising Reports data

Subscriber Universe Estimates

	Total TV households	Cable TV households	Homes passed	Cable percent of TV households
A.C. Nielsen	92,100,000	52,589,100	N.A.	57.1%
Arbitron	90,000,000	49,039,500	N.A.	54.5%
Paul Kagan Associates	89,000,000	45,900,000	76,900,000	51.1%

Subscriber numbers as of Nov. 1989
Nielsen figures include Alaska & Hawaii

Top 100 MSO's

	Rank	Multiple system operator	Basic subs	
	1.	Tele-Communications Inc.	6,792,535	(1/90)
	2.	American Television & Communications Corp.	4,300,000	(12/89)
	3.	UA Entertainment	2,530,000	(9/89)
	4.	Continental Cablevision	2,525,000	(1/90)
	5.	Warner Cable Communications	1,713,000	(1/90)
	6.	Comcast	1,535,000	(1/90)
	7.	Storer Cable Communications	1,530,000	(1/90)
	8.	Cox Cable Communications	1,528,390	(1/90)
	9.	Cablevision Systems	1,467,430	(1/90)
	10.	Jones Intercable/Spacelink	1,291,162	(1/90)
	11.	Newhouse Broadcasting	1,200,000	(11/89)
	12.	Heritage Communications	1,131,343	(11/89)
	13.	Times Mirror Cable TV	1,071,282	(1/90)
	14.	Cablevision Industries	998,544	(1/90)
	15.	Viacom Cable	994,889	(11/89)
	16.	Sammons Communications	873,590	(1/90)
	17.	Century Communications	825,000	(2/90)
	18.	Adelphia Communications	766,000	(1/90)
	19.	Paragon Communications	764,734	(1/90)
	20.	Cooke Cablevision	730,800	(5/89)
	21.	Falcon Cable TV	700,000	(10/89)
	22.	Telecable	584,552	(1/90)
	23.	KBLCOM	560,000	(1/90)
	24.	Scripps-Howard	540,000	(1/90)
	25.	Multivision Cable TV	499,491	(1/90)
	26.	Tele-Media	475,163	(9/89)
	27.	Prime Cable	468,822	(1/90)
	28.	Lenfest Group	440,983	(1/90)
	29.	Maclean Hunter Cable TV	437,500	(1/90)
	30.	Post-Newsweek Cable	413,213	(1/90)
	31.	Cencom Cable	410,000	(11/89)
	32.	TCA Group	405,000	(1/90)
	33.	Multimedia Cablevision	328,902	(1/90)
	34.	Colony Communications	327,924	(1/90)
	35.	Simmons Communications	315,000	(12/89)
	36.	Rifkin & Associates	312,700	(1/90)
	37.	TKR Cable	293,212	(2/90)
	38.	Western Communications	287,800	(1/90)
	39.	Triax Communications	279,612	(1/90)
	40.	Star Cablevision Group	240,096	(8/89)
	41.	Hauser Communications	238,000	(1/90)
	42.	Service Electric Cable TV Inc.	220,000	(1/90)
	43.	Greater Media	205,000	(9/89)
	44.	King Videocable	193,413	(1/90)
	45.	Sutton Capital	189,179	(9/89)
	46.	Harron Communications	184,344	(1/90)
	47.	Columbia International	182,000	(1/90)
	48.	Media General	181,785	(1/90)
	49.	Insight Communications	183,000	(2/90)
	50.	C-TEC Cable Systems	174,814	(9/89)
	51.	U.S. Cable Corp.	172,500	(1/90)
	52.	Palmer Communications	166,059	(1/90)
	53.	Armstrong Utilities	153,902	(1/90)
	54.	Northland Communications	141,398	(11/89)
	55.	Summit Communications	141,000	(10/89)
	56.	Jones/Crown Cable	136,000	(1/90)
	57.	Bresnan Communications	129,780	(1/90)
	58.	Booth Communications	125,437	(1/90)
	59.	McDonald Group	125,000	(1/90)
	60.	Susquehanna Broadcasting	117,109	(1/90)
	61.	United Video Management	117,000	(1/90)
	62.	Pencor Services	108,564	(1/90)
	63.	Sonic Communications	97,837	(12/89)
	64.	Midcontinent Cable Systems Co.	95,550	(6/89)
	65.	WEHCO Video	95,666	(1/90)
	66.	First Carolina Communications	94,253	(1/90)
	67.	Gilbert Media	93,000	(1/90)
	68.	Coaxial Communications	83,300	(5/89)
	69.	Barden Cablevision	79,783	(1/90)
	70.	James Cable Partners	76,756	(1/90)
	71.	Mission Cable	74,223	(1/90)
	72.	Douglas Communications	72,400	(1/90)
	73.	Fanch Communications	65,000	(1/90)
	74.	Chambers Communications	64,039	(1/90)
	75.	Cardinal Comunications	61,287	(1/90)
	76.	Leonard Communications	60,000	(10/89)
	77.	Omega Communications	60,000	(8/89)
	78.	Helicon Corp.	60,000	(1/90)
	79.	InterMedia Parnters*	60,000	(2/90)
	80.	Telesat Cablevision Inc.	57,235	(6/89)
(82)	81.	Galaxy Cablevision	56,499	(2/90)
(81)	82.	State Cable TV	56,200	(1/90)
	83.	Prestige Cable TV Inc.	52,774	(1/90)
	84.	New England Cablevision	52,409	(1/90)
(94)	85.	Masada Corp.	52,000	(2/90)
(85)	86.	Joseph Gans Cable TV	51,000	(1/90)
(90)	87.	Star Cable Associates	49,196	(1/90)
(86)	88.	Rock Associates	49,053	(1/90)
(87)	89.	Donrey Media Group	49,040	(12/89)
(88)	90.	Republic Communications Corp.	47,000	(1/90)
(89)	91.	Cable America Corp.	46,101	(11/89)
(91)	92.	360 Corp.	45,000	(5/89)
(92)	93.	CableSouth Inc.	43,420	(10/89)
(93)	94.	Cable Holdings Inc.	43,135	(10/89)
	95.	Eastern Connecticut Cable TV	41,820	(6/89)
	96.	C4 Media	41,275	(7/89)
	97.	Raystay Co.	40,447	(8/89)
	98.	Acton Corp.	40,400	(3/89)
	99.	Schurz Communications	40,078	(8/89)
	100.	Benchmark Communications	38,000	(1/90)

( ) Rank last listing

*** reflects Hearst Cablevision of California sale**

Subscriber counts are provided by MSOs and systems to Cable Vision. *Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 345 Park Avenue So., 9th Floor, New York, NY 10010*

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	522,405	(1/90)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Manhattan, NY	ATC	231,864	(6/89)
6.	Puget Sound, WA	Viacom	225,800	(6/89)
7.	Phoenix, AZ	Times Mirror	220,968	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), IL	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Houston, TX	Warner	179,000	(9/89)
13.	Wayne, NJ	UA Entertainment	176,838	(11/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Brooklyn/Queens, NY	ATC	170,000	(1/90)
16.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
17.	Cleveland, OH	Cablevision Systems	167,579	(1/90)
18.	Cincinnati, OH	Warner	167,000	(6/89)
19.	Atlanta, GA	Prime Cable	166,000	(9/89)
20.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
21.	Fairfax, VA	Media General	164,519	(6/89)
22.	Connecticut Complex	Cablevision Systems	161,430	(1/90)
23.	Tulsa, OK	UA Entertainment	159,551	(7/89)
24.	Kansas City, MO	ATC	158,500	(11/89)
25.	Jacksonville, FL	Continental Cablevision	154,600	(5/89)
26.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,683	(6/89)
27.	Montgomery County, MO/ Arlington, VA	Hauser	150,000	(1/90)
28.	Chicago, IL	TCI	148,857	(4/89)
29.	Charlotte, NC	ATC	148,850	(9/89)
30.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
31.	Baltimore County, MD	Comcast	144,000	(6/89)
32.	Memphis/W. Memphis, TN	ATC	143,957	(10/89)
33.	Manhattan, NY	Paragon	143,500	(6/89)
34.	Pompano, FL	Continental	140,084	(9/89)
35.	Buffalo, NY	Adelphia Communications	139,515	(8/89)
36.	Denver (suburbs), CO	UA Entertainment	139,303	(6/89)
37.	San Diego, CA	ATC	135,300	(11/89)
38.	St. Louis, MO	Cencom	135,230	(8/89)
39.	San Francisco, CA	Viacom	134,000	(6/89)
40.	Austin, TX	ATC	126,100	(10/89)
41.	Martin/Stuart Co, FL	ATC	125,000	(10/89)
42.	Seattle, WA	TCI	124,613	(8/89)
43.	Warren, NJ	TKR	124,000	(2/90)
44.	Pinellas County, FL	Newhouse	114,000	(6/89)
45.	Hillsborough/Tampa, FL	Paragon	112,103	(1/90)
46.	Wilmington, DE	Heritage	112,000	(6/89)
47.	Tacoma, WA	Viacom	112,000	(6/89)
48.	Grand Rapids, MI	UA Entertainment	111,198	(6/89)
49.	San Diego County, CA	Times Mirror	111,029	(5/89)
50.	Toledo, OH	Blade Communications	110,785	(5/89)
51.	Southeast Michigan	Comcast	110,000	(6/89)
52.	Chicago Suburbs, IL	Jones	109,576	(5/89)
53.	Raleigh/Durham, NC	ATC	109,000	(9/89)
54.	Las Vegas, NV	Prime Cable	107,288	(5/89)
55.	Dallas, TX	Heritage	107,244	(6/89)
56.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
57.	San Juan, PR	Multivision Cable	106,046	(6/89)
58.	Boston/Brookline, MA	Cablevision Systems	105,454	(1/90)
59.	Indianapolis, IN	Comcast	104,000	(6/89)
60.	Chicago, IL	Group W	102,374	(1/90)
61.	Richmond, VA	Continental	102,121	(10/89)
62.	Nashville, TN	Viacom	101,500	(6/89)
63.	Pittsburgh, PA	TCI	98,952	(8/89)
64.	Jackson, MS	ATC	98,915	(10/89)
65.	Monmouth, NJ	Sutton Capital	97,579	(9/89)
66.	Greensboro, NC	ATC	96,140	(10/89)
67.	St. Petersburg, FL	Paragon	95,412	(2/89)
68.	Columbus, OH	Warner	95,000	(9/89)
69.	Reading, PA	ATC	95,000	(10/89)
70.	Naples, FL	Palmer	94,450	(6/89)
71.	Worcester Complex, MA	Greater Media	94,897	(9/89)
72.	Albuquerque, NM	Jones Intercable	91,205	(12/89)
73.	Portland, OR	KBLCOM	91,500	(8/89)
74.	Dade/Broward County, FL	Storer	90,000	(8/89)
75.	Wichita, KS	Multimedia	88,732	(9/89)
76.	Independence.MO	Jones	88,628	(8/89)
77.	Minneapolis/St. Paul suburbs, MN	Hauser	88,000	(1/90)
78.	Tucson, AZ	Cooke	86,976	(8/89)
79.	Fresno, CA	Continental	86,317	(10/89)
80.	Akron, OH	Warner	86,000	(9/89)
81.	Fayetteville, NC	ATC	86,000	(10/89)
82.	Milwaukee, WI	Warner	86,000	(9/89)
83.	Harrisburg, PA	Sammons	85,200	(8/89)
84.	Orange County, CA	KBLCOM	85,100	(8/89)
85.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
86.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
87.	South Bend, IN	Heritage	82,744	(6/89)
88.	Houston Suburbs, TX	Prime Cable	82,000	(6/89)
89.	Medford, MA	Warner	82,000	(6/89)
90.	Buffalo, NY	TCI	81,358	(7/89)
91.	W. San Fernando Valley, CA	CV Industries	81,178	(1/90)
92.	Oakland County, MI	UA Entertainment	80,564	(8/89)
93.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
94.	New Orleans, LA	Cox Cable	78,979	(6/89)
95.	Providence/Warwick, RI	Times Mirror	78,528	(6/89)
96.	Allentown, PA	Service Electric	78,000	(8/89)
97.	Thousand Oaks, CA	Western	78,000	(8/89)
98.	Indianapolis, IN	ATC	75,715	(10/89)
99.	Omaha, NE	Cox Cable	75,625	(6/89)
100.	South Texas, TX	Heritage	75,560	(6/89)

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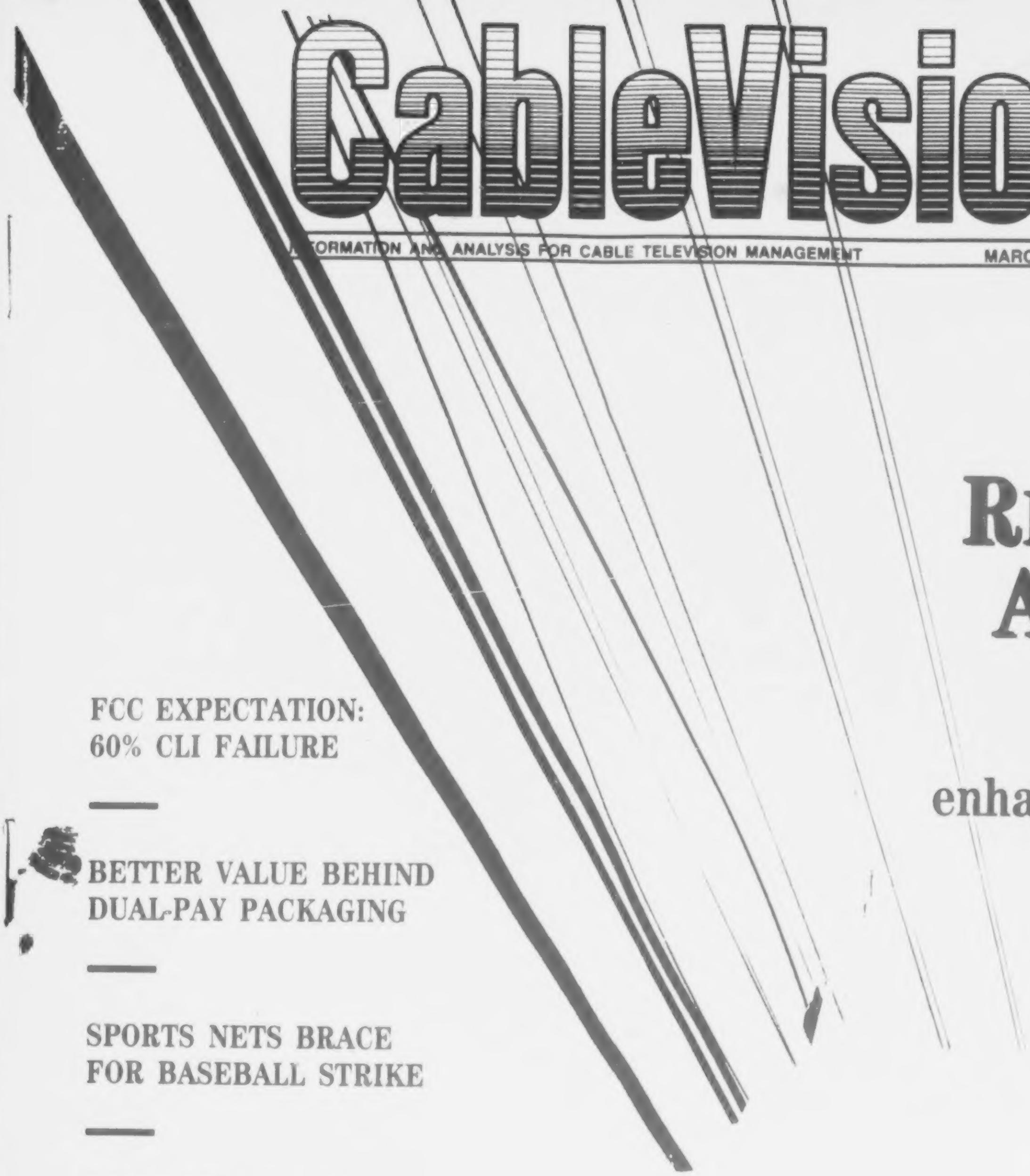
CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

MARCH 12, 1990



REWIRING AMERICA

Operators enhancing plants for a new cable era

FCC EXPECTATION:
60% CLI FAILURE

BETTER VALUE BEHIND
DUAL-PAY PACKAGING

SPORTS NETS BRACE
FOR BASEBALL STRIKE

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CABLE'S CREDIT WORTHINESS
IN A POST-DREXEL MARKET

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INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT MARCH 12, 1990

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ABP BPA

PUBLISHER'S LETTER

Dear Reader:

It gives me great pleasure to announce the appointment of Kathy Haley as Editor-in-Chief, *CableVision* Magazine.

Kathy brings with her the breadth of experience we are seeking in our new editor. She has written about the television and cable businesses for 11 years, most recently as a frequent contributor to *Channels* and as editor of *Extra Extra*, a convention daily. As editor of *View*, Kathy helped reposition that magazine from a monthly specializing in cable programming to a biweekly covering network, cable and syndicated TV programming. She was instrumental in View Communications' launch of the *INTV Journal* and *World Screen News*. Kathy began her career in business writing and editing at *Broadcasting*, where she covered radio, the U.S. Congress and, as New York Bureau Chief, television programming.

Most importantly, Kathy shares our vision for *CableVision*. That is, to create a media vehicle that looks behind the news to analyze and interpret the trends shaping the future of cable television.

CableVision is the business journal of record for today's cable management and has evolved over the years to provide the kind of information essential to successful cable system management.

We have done our homework during the past 18 months, researching the information needs of the marketplace as they reflect an industry in transition. These include regulation, marketing, advertising, technology, programming and system operations—all the elements that affect your business.

Our mandate—is to better serve these information needs.

During the past 30 days, we have brought on board Richard Tedesco, formerly of *Electronic Media* and *Cable Marketing* and Joe Terranova, formerly of *Cable Marketing* and *Multichannel News*. Both have distinguished careers in covering the cable business.

Kathy Haley will provide the leadership and set the high standards of editorial quality required to stay on top of business.

We are committed to hiring the best available writers and reporters in our effort to better serve your needs. You will see further evidence of this commitment as we continue to add to our staff and enhance our graphics and presentation. We want to bring you the best *cable-exclusive* business magazine serving the television industry.

As we fine tune our product during the coming months, I will value your interest and support and give you my personal assurance of continued commitment to improving all areas of our publication.

I ask you to join me in welcoming Kathy to our staff and look forward to serving you even better in the future.

—*William McGorry, Vice President & Group Publisher*

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March 12, 1990
Volume 14, Number 19

Reliability, signal quality, capacity reasons behind plant rebuilds/upgrades

A third of the systems reporting to the latest edition of Cable Poll™ will rebuild or upgrade their plants this year.

And about a quarter of those rebuilding or upgrading said the construction decision was based on their franchises nearing renewal, although two-thirds said improving signal quality was very important.

Additionally, 70 percent reported that the overriding decision was based on improving system reliability, while 69 percent tagged increasing their ability to offer new services as the reason behind the construction.

This and other information gathered during nearly 400 interviews with system management personnel nationwide paints a picture of rebuild and upgrade necessity, in preparation of the new cable TV era ahead, as our qualitative construction report on page 30 demonstrates.

Number

1

in a series of eight

Worth noting, 55 percent of the total respondents said increasing the profitability of their systems was very important, but not as great as improving system reliability and signal quality, as well as expanding channel capacity. Apparently telco entry is not a pressing threat, because only 23 percent said preventing further competition was very important in making the rebuild decision, and another 19 percent said it was somewhat important.

The size of systems doesn't figure significantly in whether or not to rebuild or upgrade. For example, 33 percent of the systems polled with less than 10,000 subscribers (small system), said they planned to rebuild or upgrade their plants in 1990, while 34 percent with 10,000-50,000 subs (medium system) and 38 percent of those systems with more than 50,000 subs (large system) have construction plans.

The amount of miles being rebuilt was divided fairly evenly between the small and medium-sized systems, but for obvious reasons, the huge system rebuilds are occurring far less frequently. With total respondents reporting, 42 percent reported they were rebuilding less than 50 miles, while 37 percent are rebuilding 51 to 200 miles. Fifteen percent said they were rebuilding more than 200 miles.

In this area, for obvious reasons, there was some divergence in terms of system size. Only 1 percent of systems with less than 10,000 subs said they were rebuilding more than 200 miles, but 23 percent with 10,000-50,000 subs and 67 percent with more than 50,000 subs are rebuilding that vast mileage.

In the 51-to-200 miles category, the results were a different story. Thirty-five percent of the small systems, 45 percent of the medium systems and 25 percent of the large systems, said they were rebuilding within that range of distance.

For no apparent reason, there was some divergence in responses, according to system size, when the respondents were asked, "In your decision to rebuild or upgrade, how important was it to you that your franchise was nearing renewal?"

For example, 40 percent of the medium systems replied the renewal issue was very important, while 8 percent of the large systems replied affirmatively. (19 percent of the small systems said it was very important.)

Responses also varied some on those who felt improving signal quality was very important in the rebuild decision: small systems (71 percent); medium (74 percent); but interestingly, large (42 percent).

System reliability fared similarly, with 71 percent of small systems replying that it was very important to the decision, 74 percent for the medium and 58 percent for the large.

The recent onslaught of new programming services, such as The Comedy Channel and Mizlou's Sports News Network, and the imminent launch of HA!, and further down the road, the Sci-Fi Channel, the Cowboy Channel and In Court, easily explains why 69 percent of the total respondents said increasing their ability to offer new services was very important in the rebuild/upgrade decision.

The system-size breakdown was fairly consistent: small (63 percent); medium (79 percent); and large (67 percent).

Of course, many cable systems, no matter their size in terms of subscribers are facing the same channel capacity crunch, and still trying to find room for now channel mainstays like TNT and The Discovery Channel, important niche services like Black Entertainment Television, and newcomers like CNBC.

The respondents did not appear to be too worried about losing market share to other (present or future) video providers, with 56 percent of the total respondents saying that preventing further competition was not very important or not important at all in influencing their rebuild decisions.

Fourteen percent of the total respondents said their companies experienced some problems in

continued on page 52

continued from page 50

obtaining strand to purchase in the last year or so. Those companies responded to the problem in different ways: order from a different vendor (27 percent); order from multiple vendors (46 percent); did nothing—shipment was going to be late (13 percent); paid a premium to ensure receipt (4 percent).

However, 45 percent said they paid a premium price to obtain the strand they needed.

In response to the question: "How much of a problem do you expect your company to have in obtaining strand over the next 12 months or so?," 12 percent said they expected some problem, but 25 percent forecasted very little problem and 56 percent none at all.

The Cable Poll™ is a sampling of industry opinion conducted on a regular basis by Ryan/Samples Research, Inc. for Midwest CATV, *CableVision* and *CED* magazines.

Telephone interviews for this edition of The Cable Poll™ were conducted between February 1-15, 1990. A total of 396 interviews were completed.

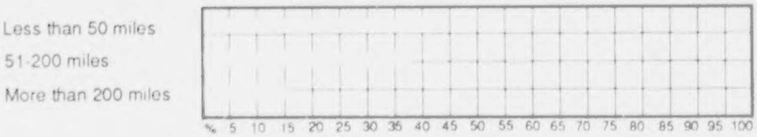
Interviewers used a listing of system management personnel obtained from the CableFile Research database. Potential respondents were chosen at random from the database of more than 2,000 cable company employees.

No sample can guarantee an exact replica of the total number of system management personnel within the cable industry. However, for this edition of The Cable Poll™, researchers are 95 percent certain that any aggregate result (of all 396 respondents) won't deviate more than 4.9 percentage points plus or minus for all system management personnel included in the CableFile database. ■

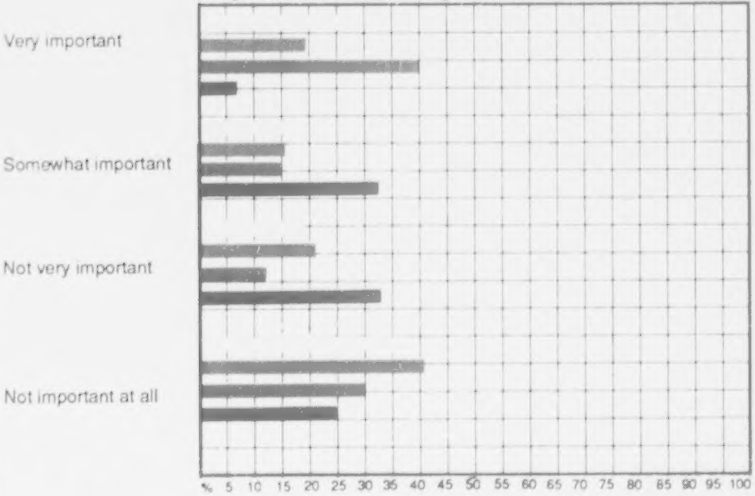
Adding up your answers:

(use four color guides at bottom)

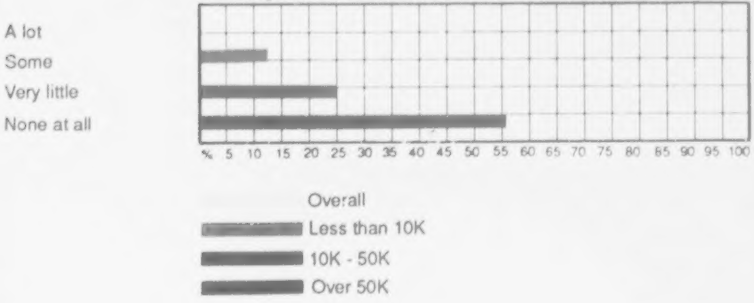
Thirty-three percent (132) of the total (396) respondents are rebuilding or upgrading physical plant. Those affirmative respondents were asked: How many miles within your system do you plan to rebuild this year?



In your decision to rebuild or upgrade, how important was it to you that your franchise was nearing renewal?



How much of a problem do you expect your company to have in obtaining strand over the next 12 months or so?



their operations and long standing, have conservative capital structures. Cable companies are a stark contrast. Even the most highly regarded cable operators typically have thin cash-flow coverage of their net interest expense in comparison to broadcasters. Their level of indebtedness typically runs to as much as eight times annualized cash-flow.

That situation was exacerbated through the end of the decade by a spate of bond issues that helped finance the consolidation the cable industry underwent. Companies like Cablevision Industries, Comcast, Century, Tele-Communications Inc. and other raised millions of dollars in the debt markets.

The late '80s were a time of a vibrant debt market for all industries, but cable fared spectacularly when it went to the debt well. Cable operators were able to raise large sums of capital under favorable conditions.

In 1988, for example, when Viacom International went to the bond market for financing, it planned to raise about $300 million; by the time it actually brought them to the market several months later, the offering had been raised to $500 million, a figure that was estimated to be just half of what it could have sold.

More tellingly, that issue carried relatively low coupons. Viacom's cash-flow was about 1.3 times its interest coverage; companies with cash-flow coverage under 1.5 typically offer coupons topping 12. Yet, Viacom's offering was an unqualified success.

By 1989, more than 25 cable companies, including some programmers, had high-yield issues. Several had multiple issues. Those 25 companies shared more than 50 issues by 1989, and there were more to come in the opening months of 1989.

The adverse market conditions that currently prevail have limited the opportunities for cable operators to launch new issues. Standard & Poor's Siderman notes that there

QUARTERLY EARNINGS CHART

Dollar amount in thousands

Company (Quarter/Fiscal Year)	Revenues	%Change	Operating Profit	%Change	Net Income	%Change
ATC (4th/89)	$ 256,334	17.2	$ 68,478	18.3	$ 26,331	24.6
Century Communications (2nd/90)	54,470	13.0	28,184	11.9	- 15,193	- 56.2
C-Cor Electronics (2nd/90)	13,067	1.9	N.A.	N.A.	802	- 40.7
C-Tec Corp. (4th/90)	47,166	21.2	N.A.	N.A.	- 3,837	- 5.4
Financial News Network (2nd/90)	20,990	50.7	N.A.	N.A.	1,524	57.3
Jones Intercable (2nd/90)	19,803	20.1	9,020	13.0	- 6,726	- 169.4
Jones Spacelink (2nd/90)	3,472	53.7	1,027	70.5	- 217	- 81.2
Viacom (4th/89)	385,653	7.8	49,893	- 29.2	- 29,144	- 70.3

January, 1990

SOLD

GRAFTON CABLE COMPANY, INC.
serving Grafton, West Virginia
to
CENTURY HUNTINGTON COMPANY
of Huntington, West Virginia

The undersigned represented the seller in this transaction.
This notice appears as a matter of record only.

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That collapse leaves leveraged operators with one less recourse to retiring debt. Meanwhile, other factors, particularly the threat of reregulation, makes the cable industry a less attractive business.

In that environment, operators fear the impact a default could have on the industry. ■

Correction

In the Feb. 26 issue of *CableVision*, the annual broker roundup incorrectly gave credit to Lazard Freres & Co. for co-brokering the Centel deal with Daniels & Co. Morgan Stanley & Co. was the co-broker on the deal. We regret the error, and any confusion it might have caused.

This notice appears as a matter of record only.
February 1990

Valley
Communications Inc.
Serving Laughlin, Nevada.
Has been acquired by
Laughlin Cable TV Inc.

Sale represents 1,500 basic subscribers.

Jeff Eden
represented the sellers.

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Financial Services to the Cable Industry.

Financial/Stocks

- **Avalon Pictures** is holding discussions with operators over the creation of a pay-per-view service devoted largely to event and special-interest programming. The talks follow Avalon's completion of a $31 million financing agreement with **Horikoshi Corp.**, a real estate conglomerate based in Tokyo with annual sales exceeding $15 billion. Some of the funds will be used as capital for the proposed PPV channel if operators show interest, says Avalon President Rick Blume. Other proceeds will go to the company's existing PPV film distribution business, involving an assortment of titles from independent producers. Horikoski officers label the deal a first step towards a diversified involvement in global entertainment. Blume, formerly involved with **United Satellite Communications**, founded Avalon two years ago.

- **Zenith Electronics** ran up $3.9 million in net income for the quarter ending Dec. 31. That was down from $7.6 million in net derived the comparable 1988 period. Revenues increased to $443.2 million from $439.8 million. Zenith said higher material and labor costs more than offset higher efficiency improvements. For all of 1989, the firm compiled a $16.8 million operating loss with more than $1.5 billion in revenues, against a $10.2 million operating loss and $1.4 billion in revenues the previous year.

Acquisitions

- **Britannia Cablesystems** received the cable TV franchise for Portsmouth, England late last month, covering some 200,000 households. Portsmouth represents the first franchise award for Britannia, incorporated last fall with investments from **Falcon Communications**, **First**

DATABASE

Subscriber Count

Satellite national services

Basic services	**Affiliates**	**Subscribers**
ACTS Satellite Network	420	9,200,000
Alternate View Network	300	4,500,000
Arts & Entertainment Network (A&E)	4,600	42,000,000
Black Entertainment Television	2,100	25,000,000
CNBC	800	14,300,000
Cable News Network	12,177	54,400,000
Cable Value Network	1,800	23,300,000
Channel America (new)	3	67,529
C-SPAN	3,764	48,100,000
C-SPAN II	738	20,100,000
The Comedy Channel	500	6,000,000
Country Music Television	1,092	9,124,974
The Discovery Channel	7,052	47,400,000
Eco/Galavision	300	1,000,000
ESPN	21,500*	55,340,000
Eternal Word Television Network	580	13,300,000
The Family Channel	8,659	47,297,000
Family Guide Network	60	4,500,000
FamilyNet	384	3,800,000
Financial News Network	3,300	32,700,000
FNN Sports	1,600	20,000,000
Headline News	4,443	39,400,000
Home Shopping Network	1,488	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	920	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	150	6,100,000
KTVT	400	3,420,000
The Learning Channel	1,200	19,000,000
Lifetime	4,600	46,400,000
Mind Extension University	156	8,000,000
Mizlou Sports News Network (new)	N.A.	5,000,000
MTV	5,705	48,200,000
Movietime	500	14,000,000
The Nashville Network	8,604	48,000,000
National College Television	380	6,569,228
Nick At Nite	3,725	46,500,000
Nickelodeon	7,100	48,500,000
The Nostalgia Channel	421	8,000,000
Prevue Guide	607	14,966,939
QVC Network	1,000	14,100,000
RFD TV	30	2,182,190
Silent Network	189	13,600,000
SportsChannel America	25	2,100,000
TBS Superstation	13,013	51,008,000
Telemundo***	8	110,000
TNT	4,700	40,000,000
The Travel Channel	511	14,000,000
Trinity Broadcasting Network	859	12,500,000
Univision***	500	509,500
USA Network	10,100	50,800,000
VH-1	3,000	34,600,000
Vision Interfaith Satellite Network	381	7,000,000
The Weather Channel	3,950	42,200,000
WGN-TV	11,450	25,700,000
WWOR-TV	2,761	12,516,607
WPIX-TV	840	9,378,474
WSBK-TV	73	227,936
Bonus/basic services		
American Movie Classics	2,000	24,000,000
Bravo	400	4,000,000
Pay services		
Cinemax	3,650	6,600,000
The Disney Channel	6,100	4,500,000
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	3,000,000
Showtime	6,000	7,300,000
Tuxxedo Network	26	20,000
Audio services		
AEI Lifestyle	142	2,578,838
AEI StarTracks Vocal Hits	26	854,390
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galatic Radio	165	4,300,000
KKGO Super Jazz	18	133,639
Moody Bible Institute	63	1,058,368
Satellite Radio Network	237	483,000
Tempo Sound	125	1,250,000
WFMT Chicago	170	1,259,804
Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	40	1,175,870
EPG	127	4,446,737
EPG Jr.	366	379,570
Genesis Storytime	39	1,550,000
Reuters NewsView	127	2,437,000
Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000
Cross-channel promotion services		
NuStar	351	10,097,742

Non satellite-fed national services

Basic services	**Affiliates**	**Subscribers**
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000
Pay services		
Nippon Golden Network	5	13,600

Interactive services

Basic services	**Affiliates**	**Subscribers**
Video Jukebox Network	40	4,000,000

Regional services

Basic services	**Affiliates**	**Subscribers**
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	3	225,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,200,000
Life Newsvision	35	50,000
Madison Square Garden Network	168	3,475,000
Meadows Racing Network	14	600,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pacific Sports Network	N.A.	1,000,000
Pennarama	28	750,000
Prime Cable	9	381,938
Prime Sports Network	108	675,000
Prime Sports Network (Northwest/new)	N.A.	1,300,000
Prime Sports Network (Utah/new)	26	273,000
Prime Ticket	163	3,800,000
SportsChannel (Chicago)	50	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,800,000
Pay services		
Home Sports Entertainment	250	1,700,000
Home Team Sports	180	1,500,000
New England Sports Network	171	317,201
Prism	87	427,000
Pro-Am Sports	200	500,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,028,431
SportsChannel (New York)	100	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 345 Park Avenue South, 9th Floor, New York, NY 10010.

N.A. denotes information not available.

*Includes MMDS and SMATV systems. **Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services. ***Spanish-speaking households.

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INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT MARCH 26, 1990

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COMMENTARY

Decision time

A Denver cable operator has convinced a major consumer electronics retailer to market basic and pay subscriptions along with its TV sets and VCRs. Salesmen at Fred Schmid, the largest chain of its kind in the Rocky Mountains, will show customers how to order pay-per-view events at the same time they are demonstrating how to work the remote on a new, cable-ready set.

The jury is still out on how effective this ingenious alliance will prove to be, but its creator, United Cable of Colorado, appears to have come up with a strikingly simple approach to attracting customers who have resisted more tried and true methods.

The solution to cable's dilemma in advertising won't be as simple. Basic networks remain one of Madison Avenue's hottest tickets, but the chorus of complaints from media buyers grows louder with each new upfront season.

Bart McHugh, senior vice president of radio and TV programming at DDB Needham, expresses the sentiment of most ad agencies when he interjects, during the roundtable interview appearing in this issue: "We're being killed right now in man-hours—the labor it's costing us to buy network, let alone local—it's mind boggling."

McHugh and most of his peers in advertising are increasingly frustrated at how difficult it is to buy cable commercials and evaluate whether what they bought was indeed delivered. The Cabletelevision Advertising Bureau is working to solve some of the standardization problems, but without a decision by cable networks and local operators to give agencies what they need—more rigorous audience measurement and standardized affidavits to begin with—CAB's efforts will amount to nothing more than lip service.

And lip service is hardly what cable needs as it competes with an increasingly aggressive Fox Broadcasting Co., revitalized marketing departments at the big three networks and a barter syndication industry that has already fought its way to more accurate audience measurement and standardized paperwork. Nor do local operators mounting spot advertising efforts face easy competition in broadcasting's much more experienced selling force.

Unless cable wants the advertising community to stop laughing at and start listening to those cable-bashing presentations mounted by the other side, it had better admit that decision time is here.

Will cable stay hot? Or will a fall from glamour be necessary to force the industry to settle in and resolved its problems on Madison Avenue?

Kathy Haley
Editor in Chief

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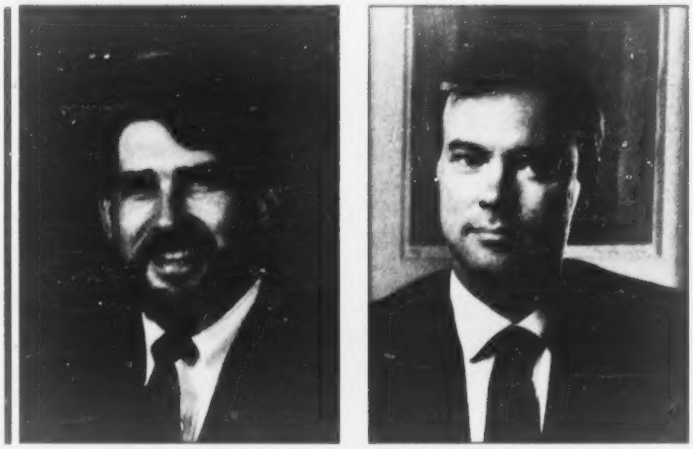
ADVERTISING

A Tale Of Two Reps

National firms stop slugging it out to agree... exclusive representation key to spot cable

By Joe Terranova



In the left corner, Cable Networks Inc.'s Peter Moran; in the right, Bob Williams from National Cable Advertising

'Our rallying cry is not even who you choose, but just make a !@@#$% choice," exhorts Pete Moran, Cable Networks Inc. senior vice president. Bob Williams, National Cable Advertising president, agrees—which in itself is big news. The fight over system affiliations is so hot, getting these guys to agree on anything ranks right up there with the "Dewey Wins" headline.

Both men are fuming over the 20 million or so insertable homes not represented by an exclusive national spot contract. And that isn't their only beef. They also disagree fundamentally about how cable national spot ought to be marketed and how the business itself should evolve.

By not signing exclusive contracts with either CNI or NCA, the only national reps serving cable operators, systems may think they're tapping business from both sources, these CEOs say, but what they're really doing is confusing agencies. Nonexclusive representation has no TV or radio parallels and "buyers don't understand," Williams says.

"All you need is one 10,000-sub system (showing up on two media plans, most likely quoted at different rates) and a deal can become a problem," he explains. So not only does the nonaligned system lose by being sold against itself, but the whole market takes a bath.

Moran sizes up this neutral notion among systems as "tripping over dollars to get to pennies." In fact, he goes further in calling for market exclusivity. "If systems continue to split markets, national spot won't grow." That's the *cable* spot market. Radio and broadcast TV spot passed the $7 billion mark last year, with cable at barely 1 percent of that.

Cable bungled about $200 million in potential spot business last year, Moran figures, because the industry refused "to let it happen." That an agency can get two schedules to analyze, two affidavits, two payment policies and bills "sets up additional obstacles to a sales process that's already one of the most difficult in media," he reasons.

Williams' position on market exclusivity is more tempered, probably because Comcast, Cox, Continental and Warner are NCA investors and he also has an agreement with Post-Newsweek and Times Mirror. Instead, he calls for "clear" rather than "exclusive" system representation by market. "Advertisers are used to calling on seven radio stations and four or five TV stations per market. That's what they're set up to do."

Over the phone, Moran—whose company is wholly-owned by, and therefore the exclusive rep for, Cablevision Systems Corp.— can be heard slapping his forehead about Williams' analogy. "But we're selling identical products," he screeches.

The usually neutral CAB sides with CNI on this one. "You can't expect reps to get excited about your market if they don't have exclusive coverage," warns vice president and local sales director Ron Fischmann.

"Why sell a market if you're not assured of getting the buy?" From the client's outlook, he adds, "Agencies see all the systems in a market as one entity and would like to deal with one exclusive agent. Otherwise, it's too time-consuming."

It also consumes lots of cash. For example, should Moran ever decide to chuck his joint sales agreement with Cable Media Inc., a Chicago regional rep, and go head-to-head with the NCA office there, he estimates it would cost over $500,000 the first year. (For purposes of this article, a *national*—as opposed to

MARKET BREAKDOWN

RANK	ADI	INSERTABLE HH (000)	CNI CLAIMS % EXCLUSIVE	NCA CLAIMS % EXCLUSIVE
1	New York	3,100	94*	1*
2	Los Angeles	1,822	27*	64*
3	Chicago	1,068	8‡	53*
4	Philadelphia	1,587	0	97‡
5	San Francisco/ Oakland/San Jose	1,087	0+	96*
6	Boston	1,209	17*	80*
7	Dallas/Ft. Worth	591	0*	0*
8	Detroit	687	0	100
9	Washington	720	0	42+
10	Houston	501	0	41
11	Cleveland	585	43*	41
12	Atlanta	563	71*	0*
13	Minneapolis/St. Paul	447	40	12
14	Tampa/St. Petersburg	729	100	0
15	Seattle/Tacoma	688	79	0
16	Miami	668	28	22
17	Pittsburgh	689	0	89
18	St. Louis	350	0	53
19	Denver	416	0	71
20	Phoenix	310	0	89
21	Sacramento/Stockton	447	0	33
22	Baltimore	347	26+	52
23	Hartford/New Haven	682	0	85
24	San Diego	594	0	100
25	Orlando/Daytona	463	75	6
TOTAL		20,350,000	6,424,020	9,847,890

*Has an office — + or is represented — in the market.

SOURCE: CNI, NCA and CableVision Magazine.

regional—rep is defined as having offices around nationwide.)

As the battle of desks now stands, CNI and NCA each have offices or representatives in eight of the top 10 markets, plus Atlanta, and CNI is also represented in Louisville by Tabler Communications. CNI claims to have invested over $5 million, not including operating expenses, to develop national spot business since Cablevision Systems purchased the company from 3M in Nov. 1987.

So Moran bristles at Williams' suggestion that, because much of CNI's business originates and winds up in New York, the company functions "like a big interconnect" and "has virtually no national spot business."

In fact, of the $16 million Williams figures CNI made last year (Moran claims $24 million), he contends $10 million of that was local New York sales. Moran declined to break out his New York numbers, while Williams reported doing $6 million out of New York, $5 million out of Boston, $2 million out of Los Angeles, and $1 million each out of Atlanta and Dallas for $16 million in '89 national sales.

Williams is equally sensitive to assertions that his company is structured to primarily serve its MSO backers. "Those investors want our company to succeed," he concedes, "but they only make up 40 percent of our affiliates."

That's about twice the ratio of Cablevision Systems subscribers to CNI exclusive households. (CNI claims 7.9 million insertable homes while NCA says it reps 17.4 million).

Ironically, CNI's ownership may prove the most troublesome to affiliates, since the MSO also sells its SportsChannel regional networks under Rainbow Advertising Sales Co. A division of RASCO, CNI could conceivably use its position to effect SportsChannel buys.

While CNI does not sell SportsChannel, Williams suggests the Rainbow-CNI relationship could be behind talk of an operator-owned metro New York interconnect. One of the area's key sales executives agrees that the general reaction is somewhere between "concerned" and "irritated." Pondering the prospect of "half the marketplace going away," Moran takes solace in having a boardroom friend—should talk turn to action—since Cablevision controls 1.2 million metro homes.

Okay, okay. So there are differences between the two firms, but for systems having to choose, what's the *difference* between them? When the question was put to Williams, he drew a picture of NCA as a determined, serious company grounded in cable sales—much like the impression he gives of himself. "Spot cable is our only business, and the guy who owns half the company runs the company."

Williams compares CNI's use of CMI in Chicago with his own use of "freelancers" in Philadelphia (Greater Phila. Cable Interconnect) and Washington (Mega Advertising). Under these arrangements, the regional and national reps split commissions on outbound business. In contrast, he defends use of regional Adlink in Los Angeles as a joint sales venture, where expenses and billings on outbound business are shared.

When asked to survey his company's strengths, the usually down-to-earth Moran points to "infrastructure," including 11 sales managers and "more salespeople on the street." Like Williams, he also cites a commitment to the business, but dwells more on a willingness to invest in the industry. CNI spent $300,000 on research last year and will soon unveil a system to clean up back-office backlogs that have traditionally plagued cable spot advertisers.

When it comes time to put his company's resources to work, Williams defines his job as "to position the industry at the client level. You've got to sell the razor before you sell the blades. Spot is the blade and cable is the razor."

However, the primary thrust of Williams' advocacy role, "to create a new price point for TV," is much the same as Moran's and other local sales managers' talk of effective CPMs. In other words, how do you submit a spot cable proposal for a $50 CPM (and not get thrown out of the buyer's office) when broadcast can be had for one-fifth the price?

CNI uses its Spot Cable Estimator, a mathematical slide, to pare down the broadcast audience—and, in so doing, inflate the typical $7-10 broadcast CPM—to within a 5-8 mile radius of the client's trading zone. "Who's to say $10 is the gold standard," seconds Williams.

Here Moran returns to his argument for market exclusivity. Two rep firms stalking buyers in and for the same markets is bad for the industry, he insists, and uses Los Angeles as an example. There, his sales team hawks its systems (485,000 HH) at 55 cents per thousand subscribing households, or assuming a one rating, a $54.89 CPM. Meanwhile, Moran claims, Williams' guys are off selling their 1.1 million households at 20 cents a thousand, or a $20 CPM. The opposite also happens, adds Williams.

Wishing away price-fixing laws for a moment, would Moran ever sit down with Williams and, as in the latter stages of *Monopoly* or *Risk*, trade Cleveland for Washington? "In a heartbeat," he responds.

For Williams, the next step is working with systems to identify retail groups as candidates for co-op presentations. While he also solicits business directly from agency buyers, he maintains, "these people are paid to find reasons why not." As for his field-driven strategy, he remarks, "You don't water the leaf if you want the plant to grow."

One of Williams' plant foods is value-added. "A spot on WNBC-TV, New York, is not the same as A&E on a Westchester system. It's a different audience and geography and should be sold at a different price point, combined with bill stuffers and maybe a half-hour public access show." To parlay cable's attributes into higher CPMs, Williams also records systems' ability to handle direct mail and program guide ads on CableTrack. But while Moran is all for higher rates, he has mixed feelings about value-added. "It's fine in certain instances, but it essentially says your product is not worth the price you're charging."

Yet even Moran concedes that cable spot can sometimes get out of hand. Last October, he blushes about how a 30-second NFL on ESPN spot on 44 New York-area systems cost $20,600, compared to $15,000-$18,000 that afternoon on WCBS-TV. "But they were upscale homes," he cracks. And while the example may be extreme, a modest cable spot buy in a few top markets can often be undercut by cable network prices.

Ironically, for all the word wars, there doesn't seem to be much chance of it extending to commission rates. Williams steers clear of the subject, commenting how "people who choose commission rate as the criterion for choosing a rep have chosen wrong." He concurs, however, with Moran's range of 25-30 percent.

With no related expenses, the prospect of systems adding 70 percent of national sales to their bottom lines should be a powerful incentive for would-be affiliates, maintains Moran. However, in a phenomenon not unusual for cable, it turns out to be a large percentage on a small base. The average system makes only 6-7 percent of its ad revenues on national sales, according to Mike Everett, president of the Independent Cable Representatives Association. Moran vigorously denies (another way of saying, expletive deleted) that figure, but can only offer a range of 5-30 percent in its place. He does offer, "There's no reason national can't be 35-40 percent of total sales." But at least for the present, this could be one reason why signing an exclusive contract with a national rep has not been a top priority among systems.

The other reason? Local sales usually hinge more on cost per spot than anything else. Even so, cautions Moran, "You're only going to be able to go back to your local car dealers so many times with rate increases."

Until that time, Williams says, "If you can get more locally, take it. But if you're not sold out, make room for me. And if you are sold out, add networks." And, guess what? Moran agrees. Well, not with the part about making room for Williams, but... ■

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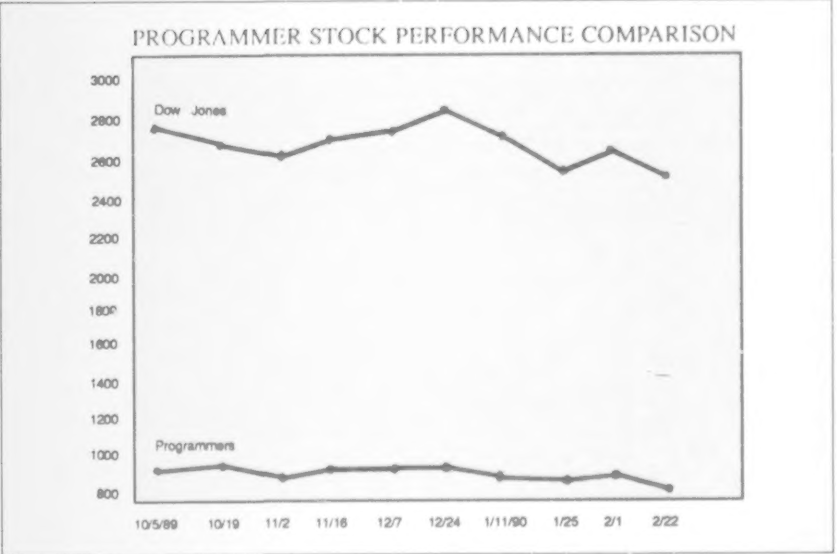

PROGRAMMER STOCK PERFORMANCE COMPARISON

portfolios will be broken down according to industry, and if that happens cable will shine.

"No significant cable loan has even been non-performing, which is remarkable given how much leverage there is in the business," he says. "Cable will come out well among industries. It will present an opportunity for us."

Echoing that sentiment is George Smith, senior vice president and chief financial officer at Viacom Inc.

Despite bank officers' estimates that the financial logjam should break by the end of the year, Smith says his "gut" reaction is that it will occur earlier in the third quarter.

"There is a lot of money available," he says, from insurance companies and banks that are looking to buy into higher yielding loans now that the junk bond market has been foreclosed to them. In addition, because of their need to increase earnings, the banks will be under pressure to increase their loans to industries that provide them higher rates—like cable—than more conservatively-financed businesses. "They don't make money lending to triple A companies," says Smith. "As we see bank earnings decline in the first and second quarters, there will be pressure to get back into cable."

And, once the financial logjam breaks, Smith maintains, the buyers in the private system market will come swarming back.

Smith predicates his confidence on the continuing growth of cable despite the twin threats of rate regulation and DBS. "It's hard to perceive cable not growing operating income 15 percent a year," he says. That assumes 5 to 6 percent rate increases, which should be allowed under any "normal" regulatory scheme, growth in homes passed of two to five percent and another two percent a year in penetration growth.

Industry analysts agree with Smith's assessment. "I really don't think the threats will change the industry fundamentally, in any dramatic way," says Paul Napper, cable analyst at Crowell Weedon & Co. "People are still going to want to own cable systems.

"The issue is providing low-cost service to consumers and [assuring] that costs won't escalate in a dramatic way," Napper continues. "It's reasonable to assume the cable industry can provide that."

Even if programming improvements cost money, regulators will allow operators to charge more for those services or place those networks on more expensive tiers, Napper says. "I don't think the FCC wants to kill investment in cable programming."

As expected, some analysts see the recent DBS service announcements as a tool for limiting the threat of reregulation. "There is a fundamental conflict in Washington.

QUARTERLY EARNINGS CHART

Dollar amount in thousands

Company (Quarter/Fiscal Year)	Revenues	%Change	Operating Profit	%Change	Net Income	%Change
Home Shopping Network (2nd/90)	$ 261,936	20.7	$ 11,818	55.9	$ 12,810	51.6
Houston Industries (4th/89)	891,785	5.7	N.A.	N.A.	130,347	63.8
QVC Network (4th/89)	283,069	76.1	16,623	72.2	3,362	- 20.9
Turner Broadcasting (4th/89)	292,804	23.3	63,523	54.8	3,084	117.0
Video Jukebox Network (4th/89)	1,787	90.2	N.A.	N.A.	- 428	46.5
Washington Post Co. (4th/89)	381,419	2.7	80,462	35.9	51,129	27.7

Top 100 MSO's

Rank	Multiple system operator	Basic subs	
1.	Tele-Communications Inc.	6,792,535	(1/90)
2.	American Television & Communications Corp.	4,300,000	(12/89)
3.	UA Entertainment	2,592,000	(2/90)
4.	Continental Cablevision	2,525,000	(1/90)
5.	Warner Cable Communications	1,713,000	(1/90)
6.	Comcast	1,535,000	(1/90)
7.	Storer Cable Communications	1,530,000	(1/90)
8.	Cox Cable Communications	1,528,390	(1/90)
9.	Cablevision Systems	1,469,347	(2/90)
10.	Jones Intercable/Spacelink	1,307,791	(2/90)
11.	Newhouse Broadcasting	1,200,000	(11/89)
12.	Heritage Communications	1,131,343	(11/89)
13.	Times Mirror Cable TV	1,082,000	(2/90)
(15) 14.	Viacom Cable	1,016,000	(2/90)
(14) 15.	Cablevision Industries	1,012,165	(2/90)
16.	Sammons Communications	873,590	(1/90)
17.	Century Communications	825,000	(2/90)
18.	Adelphia Communications*	817,000	(3/90)
19.	Paragon Communications	764,734	(1/90)
(21) 20.	Falcon Cable TV	700,000	(10/89)
(20) 21.	Cooke Cablevision	591,032	(12/89)
22.	Telecable	584,552	(1/90)
23.	KBLCOM	550,000	(2/90)
24.	Scripps-Howard	540,000	(1/90)
25.	Multivision Cable TV	499,491	(1/90)
26.	Tele-Media	475,163	(9/89)
27.	Prime Cable	468,822	(1/90)
28.	Lenfest Group	440,983	(1/90)
29.	Maclean Hunter Cable TV	437,500	(1/90)
30.	Post-Newsweek Cable	413,213	(1/90)
31.	Cencom Cable	410,000	(11/89)
32.	TCA Group	405,000	(1/90)
33.	Multimedia Cablevision	328,902	(1/90)
34.	Colony Communications	327,924	(1/90)
35.	Simmons Communications	315,000	(12/89)
36.	Rifkin & Associates	312,700	(1/90)
37.	TKR Cable	293,212	(2/90)
38.	Western Communications	287,800	(1/90)
39.	Triax Communications	279,612	(1/90)
40.	Star Cablevision Group	240,096	(8/89)
41.	Hauser Communications	238,000	(1/90)
42.	Service Electric Cable TV Inc.	220,000	(1/90)
43.	Greater Media	205,000	(9/89)
44.	King Videocable	193,413	(1/90)
(47) 45.	Columbia International	191,000	(3/90)
(45) 46.	Sutton Capital	189,179	(9/89)
(46) 47.	Harron Communications	184,344	(1/90)
48.	Media General	181,785	(1/90)
49.	Insight Communications	183,000	(2/90)
50.	C-TEC Cable Systems	175,000	(2/90)
51.	U.S. Cable Corp.	172,500	(1/90)
52.	Palmer Communications	166,059	(1/90)
53.	Armstrong Utilities	153,902	(1/90)
54.	Northland Communications	141,398	(11/89)
55.	Summit Communications	141,000	(10/89)
56.	Jones/Crown Cable	136,000	(1/90)
57.	Bresnan Communications	129,780	(1/90)
58.	Booth Communications	125,437	(1/90)
59.	McDonald Group	125,000	(1/90)
60.	Susquehanna Broadcasting	117,109	(1/90)
61.	United Video Management	117,000	(1/90)
62.	Pencor Services	108,564	(1/90)
63.	Sonic Communications	97,837	(12/89)
64.	Midcontinent Cable Systems Co.	95,550	(6/89)
65.	WEHCO Video	95,666	(1/90)
66.	First Carolina Communications	94,253	(1/90)
67.	Gilbert Media	93,000	(1/90)
(74) 68.	Chambers Communications	89,100	(3/90)
(68) 69.	Coaxial Communications	83,300	(5/89)
(69) 70.	Barden Cablevision	79,783	(1/90)
(79) 71.	InterMedia Parnters	78,000	(3/90)
(70) 72.	James Cable Partners	76,756	(1/90)
(71) 73.	Mission Cable	74,223	(1/90)
(72) 74.	Douglas Communications	72,400	(1/90)
(76) 75.	Leonard Communications	66,000	(2/90)
(73) 76.	Fanch Communications	65,000	(1/90)
(74) 77.	Cardinal Comunications	61,287	(1/90)
(77) 78.	Omega Communications	60,000	(8/89)
(78) 79.	Helicon Corp.	60,000	(1/90)
80.	Telesat Cablevision Inc.	57,235	(6/89)
81.	Galaxy Cablevision	56,489	(2/90)
82.	State Cable TV	56,200	(1/90)
83.	Prestige Cable TV Inc.	52,774	(1/90)
84.	New England Cablevision	52,409	(1/90)
85.	Masada Corp.	52,000	(2/90)
(87) 86.	Star Cable Associates	51,875	(2/90)
(88) 87.	Rock Associates	49,053	(1/90)
(89) 88.	Donrey Media Group	49,040	(12/89)
(90) 89.	Republic Communications Corp.	47,000	(1/90)
(91) 90.	Cable America Corp.	46,101	(11/89)
(92) 91.	360 Corp.	45,000	(5/89)
(93) 92.	CableSouth Inc.	43,420	(10/89)
(94) 93.	Cable Holdings Inc.	43,135	(10/89)
(95) 94.	Eastern Connecticut Cable TV	41,820	(6/89)
(96) 95.	C4 Media	41,275	(7/89)
(97) 96.	Raystay Co.	40,447	(8/89)
(98) 97.	Acton Corp.	40,400	(3/89)
(99) 98.	Schurz Communications	40,078	(8/89)
(100) 99.	Benchmark Communications	38,000	(1/90)
(new) 100.	Charter Cable	36,000	(2/90)

( ) Rank last listing

*** reflects Joseph Gans acquisition**

Subscriber counts are provided by MSOs and systems to Cable Vision. *Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to Cable Stats, 345 Park Avenue So., 9th Floor, New York, NY 10010.*

Top 100 Systems

Rank	Location	Operator	Basic subs	
1.	Long Island, NY	Cablevision Systems	523,307	(2/90)
2.	Orlando/Central Complex, FL	ATC	400,000	(10/89)
3.	San Diego, CA	Cox Cable	303,637	(6/89)
4.	San Antonio, TX	KBLCOM	234,835	(6/89)
5.	Puget Sound, WA	Viacom	234,200	(1/90)
6.	Manhattan, NY	ATC	231,864	(6/89)
7.	Phoenix, AZ	Times Mirror	220,968	(5/89)
8.	East Orange, NJ	Maclean Hunter	212,000	(6/89)
9.	Honolulu, HI	ATC	206,251	(10/89)
10.	Chicago (suburbs), IL	Continental	181,537	(9/89)
11.	Rochester, NY	ATC	180,000	(9/89)
12.	Wayne, NJ	UA Entertainment	179,624	(2/90)
13.	Houston, TX	Warner	179,000	(9/89)
14.	Louisville/Jeff. Co., KY	Storer Communications	170,000	(8/89)
15.	Brooklyn/Queens, NY	ATC	170,000	(1/90)
16.	Cleveland, OH	Cablevision Systems	168,367	(2/90)
17.	Cherry Hill, NJ	Garden State Cable	168,000	(9/89)
18.	Cincinnati, OH	Warner	167,000	(6/89)
19.	Atlanta, GA	Prime Cable	166,000	(9/89)
20.	Hampton Roads, VA	Cox Cable	164,699	(6/89)
21.	Fairfax, VA	Media General	164,519	(6/89)
22.	Connecticut Complex	Cablevision Systems	162,167	(2/90)
23.	Tulsa, OK	UA Entertainment	159,551	(7/89)
24.	Kansas City, MO	ATC	158,500	(11/89)
25.	Jacksonville, FL	Continental Cablevision	154,600	(5/89)
26.	Hartford/Plainville/Vernon, CT	UA Entertainment	152,683	(6/89)
27.	Montgomery County, MO/ Arlington, VA	Hauser	150,000	(1/90)
28.	Chicago, IL	TCI	148,857	(4/89)
29.	Charlotte, NC	ATC	148,850	(9/89)
30.	San Jose/Campbell, CA	Heritage	145,000	(6/89)
31.	Baltimore County, MD	Comcast	144,000	(6/89)
32.	Memphis/W. Memphis, TN	ATC	143,957	(10/89)
33.	Manhattan, NY	Paragon	143,500	(6/89)
34.	San Francisco, CA	Viacom	141,600	(1/90)
35.	Pompano, FL	Continental	140,084	(9/89)
36.	Buffalo, NY	Adelphia Communications	139,515	(8/89)
37.	Denver (suburbs), CO	UA Entertainment	139,303	(6/89)
38.	San Diego, CA	ATC	135,300	(11/89)
39.	St. Louis, MO	Cencom	135,230	(8/89)
40.	Austin, TX	ATC	126,100	(10/89)
41.	Chicago Suburbs, IL	Jones	126,000	(2/90)
42.	Martin/Stuart Co. FL	ATC	125,000	(10/89)
43.	Seattle, WA	TCI	124,613	(8/89)
44.	Warren, NJ	TKR	124,000	(2/90)
45.	Tacoma, WA	Viacom	120,700	(1/90)
46.	Pinellas County, FL	Newhouse	114,000	(6/89)
47.	Hillsborough/Tampa, FL	Paragon	112,103	(1/90)
48.	Wilmington, DE	Heritage	112,000	(6/89)
49.	Grand Rapids, MI	UA Entertainment	111,198	(6/89)
50.	San Diego County, CA	Times Mirror	111,029	(5/89)
51.	Toledo, OH	Blade Communications	110,785	(5/89)
52.	Southeast Michigan	Comcast	110,000	(6/89)
53.	Raleigh/Durham, NC	ATC	109,000	(9/89)
54.	Las Vegas, NV	Prime Cable	107,288	(5/89)
55.	Dallas, TX	Heritage	107,244	(6/89)
56.	Jefferson Parish/Kenner, LA	Cox Cable	106,332	(6/89)
57.	San Juan, PR	Multivision Cable	106,046	(6/89)
58.	Boston/Brookline, MA	Cablevision Systems	105,785	(2/90)
59.	Nashville, TN	Viacom	105,400	(1/90)
60.	Indianapolis, IN	Comcast	104,000	(6/89)
61.	Chicago, IL	Group W	104,000	(3/90)
62.	Richmond, VA	Continental	102,121	(10/89)
63.	Pittsburgh, PA	TCI	98,952	(8/89)
64.	Jackson, MS	ATC	98,915	(10/89)
65.	Monmouth, NJ	Sutton Capital	97,579	(9/89)
66.	Greensboro, NC	ATC	96,140	(10/89)
67.	St. Petersburg, FL	Paragon	95,412	(2/89)
68.	Columbus, OH	Warner	95,000	(9/89)
69.	Reading, PA	ATC	95,000	(10/89)
70.	Naples, FL	Palmer	94,450	(6/89)
71.	Worcester Complex, MA	Greater Media	94,897	(9/89)
72.	Albuquerque, NM	Jones Intercable	91,205	(12/89)
73.	Portland, OR	KBLCOM	91,500	(8/89)
74.	Dade/Broward County, FL	Storer	90,000	(8/89)
75.	Wichita, KS	Multimedia	88,732	(9/89)
76.	Independence,MO	Jones	88,628	(8/89)
77.	Minneapolis/St. Paul suburbs, MN	Hauser	88,000	(1/90)
78.	Fresno, CA	Continental	87,060	(2/90)
79.	Tucson, AZ	Cooke	86,976	(8/89)
80.	Akron, OH	Warner	86,000	(9/89)
81.	Fayetteville, NC	ATC	86,000	(10/89)
82.	Milwaukee, WI	Warner	86,000	(9/89)
83.	Toms River, NJ	Adelphia	85,826	(2/90)
84.	Harrisburg, PA	Sammons	85,200	(8/89)
85.	Orange County, CA	KBLCOM	85,100	(8/89)
86.	Baton Rouge, LA	UA Entertainment	84,976	(6/89)
87.	Dover/Morristown, NJ	Sammons	84,640	(8/89)
88.	South Bend, IN	Heritage	82,744	(6/89)
89.	Houston Suburbs, TX	Prime Cable	82,000	(6/89)
90.	Medford, MA	Warner	82,000	(6/89)
91.	W. San Fernando Valley, CA	CV Industries	81,810	(2/90)
92.	Buffalo, NY	TCI	81,358	(7/89)
93.	Oakland County, MI	UA Entertainment	80,564	(8/89)
94.	Oklahoma City, OK	Cox Cable	79,104	(6/89)
95.	New Orleans, LA	Cox Cable	78,979	(6/89)
96.	Providence/Warwick, RI	Times Mirror	78,528	(6/89)
97.	Columbia, SC	CV Industries	78,317	(2/90)
98.	Allentown, PA	Service Electric	78,000	(8/89)
99.	Thousand Oaks, CA	Western	78,000	(8/89)
100.	Indianapolis, IN	ATC	75,715	(10/89)